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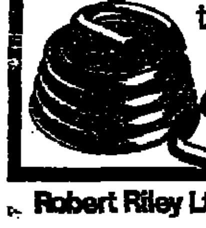

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NEWS SUMMARY

GENERAL

Civil Service action goes on

Civil Service union leaders agreed to continue their 15-week-old campaign of selective stoppages after the Civil and Public Services Association agreed to drop its commitment to an all-out strike. Back Page

The National Union of Public Employees threatened further industrial action by ambulancemen unless Merseyside ambulance chief Albert Guinney withdraws comments made during Tuesday's 24-hour walk-out.

Mr Guinney said the failure of Kirkby ambulancemen to attend a two-year-old boy suffering a drugs overdose was "disgusting." Wages offer "final," Page 10

UN compromise

The U.S. and Iraq agreed a compromise United Nations resolution under which the Security Council would strongly condemn but not punish Israel for its raid on an Iraqi nuclear reactor, diplomats said.

Navy cuts

The Cabinet confirmed that the Royal Navy will bear most defence spending cuts in the next decade. Back Page

Missile tests deal

China and the U.S. are monitoring Soviet missile tests from western China. Page 5

Hijack settlement

Air France said it reached a compensation settlement with passengers hijacked to Entebbe, Uganda, in 1976, but refused to reveal the amount.

IRA escape claim

Eight escapees from Belfast's Crumlin Road Jail crossed into the Irish Republic, the IRA said. Elections loophole, Page 10

Crime wave

Serious crimes in London rose 5 per cent last year, topping the previous peak in 1977. Page 8

Damages offer

Three men wrongly convicted of the 1972 murder of male prostitute Maxwell Confait were offered a total of £65,000 compensation by Home Secretary William Whitelaw.

Drugs haul

The Royal Navy frigate Antelope seized 60,000 lb of marijuana worth £30m from a Panamanian cargo ship 25 miles off Belize.

Picasso record

La Minotauromachie, a 1930s Picasso etching, sold for £80,000 at Christie's, an auction record for a modern. Saleroom, Page 8

Colour code

Telephone boxes will stay red except where there is strong local pressure for another colour, British Telecom said.

Ascot queues

Traffic queues stretched five miles from Royal Ascot as a record 64,661 attended. Racing, Page 18

Australia 33-4

England were 185 all out in the first Test at Trent Bridge. Australia were 33-4 at close

Hanging about

A German engineer landed in Venice after crossing the Alps by hang-glider.

Briefly . . .

Austrian Chancellor Kreisky will leave hospital at the week-end.

Greece suspended talks on new U.S. military bases. Page 5

EEC civil servants threatened a 15-day pay strike. Page 2

France will not invite PLO leader Yasser Arafat to visit Paris. Page 2

BUSINESS

Sterling off 2.1c; 0.51 loss for gilts

● STERLING shed 2.1 cents to $1.9765, also easier at DM 4.69 (DM 4.6925) but firmer at FFr 11.18 (FFr 11.14). Its trade-weighted index fell to 95.2 (95.6). Page 31; D-Mark rise forecast, Page 7

● DOLLAR gained on interest rate movements, improving to DM 2.3720 (DM 2.3480), Y222.30 (Y220.75) and was sharply higher at FFr 5.6575 (FFr 5.5790). Its trade-weighted index rose to 108.1 (107.2). Page 31

● GOLD fell $2 in London to $459.5. Page 31

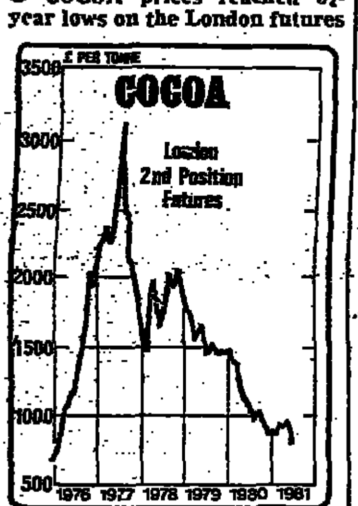
● GILTS were depressed by sterling's fall. The Government Securities index lost 0.51 to 66.16. Page 34

● EQUITIES were dominated by the BP cash call. The FT 30-share index shed 3.7 to 541.1. Page 34

● MONEY SUPPLY: Sterling M3 rose £1.06bn or 1.5 per cent seasonally adjusted in the month to mid-May. Page 8

● WALL STREET was down 10.08 at 996.48 near the close. Page 32

● COCOA prices reached 5½-year lows on the London futures



market after Brazil's decision to suspenw exports. Page 33

● BANK OF ENGLAND quarterly bulletin warns that negligible wage rises may in many cases be necessary for some years if British goods are to sustain an improved competitive position. Back Page; Details, Page 11

● BRITISH STEEL agreed in principle to sell all its South African investments for a total of about R70m (£40.6m). Back Page; London headquarters sub-let sought, Page 14

● JAPAN'S GNP real growth rate rose to 5 per cent in the year to end March, due to exports success. Back Page

● GLENEAGLES HOTELS, formed to buy Scottish hotels from British Rail, has the National Union of Railwaymen and major insurers as shareholders. Back Page

● BANCO CENTRAL, one of Spain's two largest banks, is to seek a Wall Street share listing. Results, Page 28

● JVC, Japanese consumer electronics concern, boosted consolidated net profits 74.9 per cent to Y18.67bn (£42.43m) in the year to March 20. Page 29

● TUNNEL HOLDINGS increased pre-tax profits to £15.55m (£10.5m) for the year to March 29. Page 24

● BRITISH and Commonwealth Shipping reported lower pre-tax profits of £24.19m (£28.64m) for the year to December 31 on higher turnover. Page 23

● ENGLISH CHINA CLAYS reported profits before tax lower at £14.9m (£19.07m) in the six months to end March, but increased its interim dividend. Page 22

● KENNING MOTOR distributing group moved into a £1.69m loss in the half year to end March (£2.55m pre-tax profit). Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Cornell Dresses	167	+ 7
Downing (G. H.)	250	+ 10
EIS	144	+ 6
ERF	38	+ 3
European Ferries	86	+ 6
Pauls and Whites	155	+ 6
Polly Peck	348	+ 15
Trust Securities	367	+ 13
Global N Resources	910	+ 110
Bond Cpn.	224	+ 10
RTZ	530	+ 18

FALLS

Exchq. 12pcCv. '85	£94½	− ½
Treas. 8pc '02-06	£63⅞	− 1
British Steam	118	− 5
Camrex	44	− 4
Dufay Bitumastic	42	− 5
Flexello	28	− 3
Glaxo	362	− 6
Hargreaves	47	− 6
ICI	280	− 8
Johnson Matthey	273	− 12
Kenning Motor	80	− 7½
Pleasurama	327	− 8
Wight Hldgs.	40	− 6
BP	330	− 18
Shell Transport	340	− 16
Bridge Oil	400	− 20
Seltrust A	95	− 15
Swan Resources	70	− 6

BP makes record £624m rights issue

BY SUE CAMERON AND IAN RODGER

BRITISH PETROLEUM has launched the largest underwritten issue of new equity in history, raising £623.9m in a one-for-seven rights offer to its approximately 287,000 shareholders at 275p a share.

The issue comes only one week after the previous record was set—a $1bn (£506m) share issue by the American Telephone and Telegraph Company.

The largest cash call by a British company until now was from Imperial Chemical Industries in May, 1976, for £203.8m.

The BP issue also involves a record number—600—of investment institutions as sub-underwriters. Of them, 50 are outside the UK.

Sir David Steel, chairman of BP, said the new equity capital was needed to increase the company's capital spending, not only on oil exploration and development but also on new areas of activity, such as gas, minerals, coal and nutrition.

Rumours of a BP rights issue have upset the London stock market for about two weeks. Yesterday, the shares fell from 348p to 322p on the announcement before recovering to 330p at the close.

Lazard Brothers, the lead merchant bank in the issue, said rumours and speculation were inevitable given the large number of people involved. The Stock Exchange was taking a relaxed view, citing similar reasons.

The Government and the Bank of England, which hold 25.01 per cent and 19.6 per cent stakes in BP respectively, are not taking up their rights. The cost, about £280m, could not be justified at a time when priority was being given to containing public spending, Mr Nigel Lawson, Financial Secretary to the Treasury, told the Commons in a written reply.

As a result, the Government's interest in BP will decline to 21.89 per cent and the Bank's to 17.15 per cent. The 101.2m shares attributable to them in the issue are being offered to other shareholders at the rate of on efor every 8.69 held at 290p a share, a 15p premium on the right price.

The Bank's proceeds from the premium on the sale of its entitlement will be reserved, pending the outcome of Burmah Oil's legal proceedings over its claim on the Bank's holding.

The BP directors expect at least to maintain the dividend rate at 20.25p a share.

BP says it wants the money to invest in its comparatively new businesses such as coal, gas, minerals and nutrition because these are the areas where "the company's future growth will be."

But "significant new investment" will be needed in BP's traditional area of operations—oil. Sir David, in a letter to shareholders, says fresh investment will be required, particularly in oil exploration and production and in more sophisticated refinery equipment. He says the cost of new oil projects "will continue to rise" as wells are drilled in more remote and more difficult places, such as deeper waters.

The rights issue comes six months after the unveiling of plans to restructure the group. They were designed to enable BP to reduce its dependence on oil and to encourage the development of its newer businesses. The rights issue complemented this, the company said.

"The crux of the matter is that the company is changing shape dramatically and we are now on the threshold of a new era of expansion," BP said.

Oil operations accounted for 86 per cent of BP's asets in 1980. By 1990 it is forecast that oil will account for only 50 per cent of assets with chemicals accounting for a further 12 per cent.

Coal and minerals expected are to go from the present 4 per cent each to about 7 per cent each, while gas's share of assets is forecast to treble to 14 per cent and nutrition is predicted to go from 2 per cent to 7 per cent. The rest will be taken by other ventures.

The chemicals business made an operating loss of £108m last year, with a further £36m loss in the first three months of 1981. Losses on UK refining operations in the first three months totalled £37m. Pressure here is expected to ease, however, as a result of a cut in the official price of North Sea Forties field marker crude and the ending of BP's price support to its petrol retailers.

The 226.86m shares in the rights issue are offered to shareholders on the record on May 29 and are payable as to 125p on acceptance by July 13 and 150p by December 2. The 15p premium on the Government's shares is payable with the first instalment. Shareholders who pay in full by July 13 will be entitled to the interim dividend in respect of 1981.

Dealings in the new shares are expected to begin on June 23.

The issue has been underwritten by Lazard Brothers, Morgan Grenfell and J. Henry Schroder Wagg. Brokers to the issue are Scrimgeour, Kemp-Gee, Hoare Govett and Rowe and Pitman. The Government and the Bank of England were advised by S. W. Warburg and Mullens and Co.

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Selection Trust right issue Page 24

Judgment on Burmah chain reserved, Page 7

Signing the underwriting agreement. Left to right Mr John Hull (J. Henry Schroder Wagg), Mr George Mackworth-Young (Morgan Grenfell), Mr Quentin Morris (financial director, BP), Mr Robin Adam (deputy chairman, BP), Mr Ian Fraser (Lazards)

Managers bid £50m for National Freight

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE MANAGEMENT of the state-owned National Freight Company, led by Mr Peter Thompson, the chief executive and deputy chairman, has offered to buy the entire company from the Government for over £50m and give each of the 28,000 staff the chance to buy shares.

Mr Norman Fowler, the Transport Secretary, said in the Commons yesterday he welcomed the idea as "imaginative and exciting."

He wanted to encourage the consortium of management and staff to press ahead with its plans and in the meantime he planned to consult his financial and legal advisers.

The proposal is the biggest attempt by the management and staff of any company in Britain to buy their own company. It is the first time that a nationalised industry has been involved.

The plan is designed to take advantage of plans by the Government to de-nationalise completely the National Freight Company. The company is the holding company for Pickfords Removals, British Road Services, National Carriers, Roadline and other transport and service companies.

All these companies and their assets, with a book value of £68m, are to be de-nationalised under the umbrella of the NFC, the limited company formed from the formes National Freight Corporation under the terms of last year's Transport Act.

It was widely expected that de-nationalisation would take form of a flotation of shares on the Stock Exchange. All the equity in the company is now held by tue Secretary for Transport.

However, Mr Thompson said in London yesterday at the formal presentation of the proposals: "It was clear by March this year that because of the difficult trading circumstances of 1980, public flotation would be delayed until at least July 1982."

The road haulage industry has ben hit severely by the slump in demand for freight services and the corporation made a net loss of £7.58m in the first nine months of 1980, its last trading period before the formation of the NFC.

Up to 15 per cent of companies in the road haulage industry stopped trading last year because of the slump in demand and few buyers were expected to come forward to bid for the NFC, at least until some time after the worst effects of the recession had lifted. By then it was hoped that NFC would have a sound record as a commercial company.

The Government has clearly been embarrassed about the delay in implementing the de-nationalisation of NFC, the only State industry specifically named in the Tory election manifesto of 1979 as a candidate for re-nationalisation.

However, Mr Thompson insisted yesterday that the management had made the proposal in March to buy the company entirely on its own initiative. "It was not just to get the Government off the hook," he said.

Barclays Merchant Bank is advising the consortium on the arrangement of a financial package. The most likely outcome is that the £50m will come from a mixture of equity and loan capital.

The company's 28,000 employees—including truck drivers, secretaries, clerks and the 2,400 middle managers—were told at noon yesterday of the plans by the group of 100 senior managers for all staff to be given the chance to buy the company.

Mr Thompson estimated that about £5m could be raised by the sale of shares worth about £200 to each employee.

Fowler set to announce rail strategy, Page 8
Parliament, Page 10
National Freight: Britain's biggest buy-out, Page 20
Railwaymen take hotels stake, Back Page

Forte to fight on for Savoy

By Christine Moir

SIR CHARLES FORTE has conceded one round of his battle for the Savoy Hotel group to the defending board, but he refuses to throw in the towel.

His bid for Savoy will lapse at 3.30 pm today but Mr Donald Durban, Trusthouse Forte's secretary, said yesterday: "No way is Sir Charles going to go away. He is going to sit out the year and come back."

After the offer lapses, Takeover Code rules prevent him from acquiring more than another 2 per cent of the Savoy in the next 12 months. Sir Charles is trying to buy as many shares as possible before his offer lapses, to create the strongest possible base for his next round.

Trusthouse thus has hurried to buy out the key 21.4 per cent of the votes held by the Kuwait Investment Office, which had agreed to accept the offer.

Yesterday Trusthouse said it had paid £19.29m for the KIO's 96,000-odd "B" shares,

Continued on Back Page

Spadolini will be new Italian premier

BY JAMES BUXTON IN ROME

SIG GIOVANNI SPADOLINI, the 55-year-old leader of Italy's small Republican Party, is now certain to become Italy's first non-Christian Democrat Prime Minister since the country became a republic in 1946.

Last night he confirmed to President Sandro Pertini that he would be able to form a government, dropping the reservations he made when he was asked to try to do so just over a week ago. His government will be Italy's 41st since World War II.

Sig Spadolini, a former university professor and newspaper editor, has obtained the support of the Christian Democrats, Socialists, Social Democrats and Liberals as well as his own Republicans.

The precise shape of his administration, however, depends heavily on the outcome of regional elections taking place on Sunday and Monday, in which 9m Italians will vote.

The elections could alter the relative strengths of the Christian Democrats and the Socialists, which are the first and third biggest parties respectively—the opposition Communists being the second.

Sig Flaminio Piccoli, the Christian Democrat leader, has indicated that he wants cabinet posts in proportion to the party's strength in Parliament in return for having yielded the prime ministership. In the last four party coalitions they had only half the cabinet posts.

Sig Bettino Craxi, the Socialist leader, hopes that the Socialist's electoral victory in France will help his party in the regional elections and put him in a stronger bargaining position.

However, Sig Spadolini is in a relatively strong position.

He must now form a government of some kind and, having done so, will remain Prime Minister until it is defeated in parliament—though this could happen on its first appearance.

If the political crisis is not resolved and early general elections were considered the only way out, Sig Spadolini would preside over them as Prime Minister—something the Christian Democrats would not welcome.

Italy's local polls, Page 3

Border watch for Bani-Sadr

BY OUR FOREIGN STAFF

IRAN'S AIRPORTS and border crossing points have been alerted in case President Aholhassan Bani-Sadr attempts to flee the country. Mr Bani-Sadr who is due to face impeachment proceedings tomorrow has not been seen in public for eight days.

Mr. Assadollah Lajavardi, Tehran's revolutionary prosecutor, said during a phone-in programme on the state radio yesterday that contact had been lost with the President since Tuesday. This was the first official confirmation of persistent suggestions that Mr. Bani-Sadr had disappeared.

The President's opponents in Parliament are confident that Saturday's debate will conclude with a recommendation to Ayatollah Khomeini, Iran's religious leader, that Mr. Bani-Sadr is unfit to remain as head of state, that he should be dismissed and stand trial on charges of inciting violence.

Asked by a caller on the radio programme if the frontiers had been alerted, Mr Lajervardi replied: "Yes. We have asked the border police to stop all those accused of offences from leaving the country."

He warned, however, that with much of Iran's border not under strict police control it was possible that Mr Bani-Sadr had got out. "I hope he hasn't done this and so added to the charges he already faces," said the prosecutor.

Mr Bani-Sadr's retreat from the public seems to have been prompted by widespread arrests of senior members of his personal staff on Monday afternoon and evening. Police guarding the President's office gates claimed that he had not been there since Sunday.

One of Mr Lajervardi's aides who was asked if the President was allowed to leave the country, said: "Mr Bani-Sadr cannot leave at all." He also confirmed that arrests of those attempting to stage demonstrations in support of the beleaguered President were continuing, and said that 90 persons had been detained for this reason on Wednesday evening.

With Saturday's impeach-

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EUROPEAN NEWS

INVITATION TO PLO LEADER 'OUT OF QUESTION'

France says 'no' to visit by Arafat

BY ROBERT MAUTHNER IN PARIS

FRANCE'S NEW External Affairs Minister, M Claude Cheysson, said yesterday that it was "out of the question" to invite Mr Yasser Arafat, leader of the Palestine Liberation Organisation (PLO), for a visit.

Answering questions at a lunch with the French diplomatic press, M Cheysson said that the Government considered that the Palestinian people should have their own homeland and be able to determine their own future. The PLO, however, could not be considered as the representative of the whole Palestinian people.

"It is out of the question for us to receive a representative of the PLO as if he represented a people, or even more, a state."

M Cheysson made it clear that the Government's policy regarding the status of Jerusalem was virtually the same as that of its predecessor. *The French position and that of the European Community was that the status of a city like Jerusalem could* not be modified unilaterally.

His statement followed an interview *given* by President Francois Mitterrand to the *Washington Post* in which the French head of state criticised Mr Menahem Begin, the Israeli Prime Minister, for his country's raid on the French-built experimental nuclear reactor outside Baghdad.

M Mitterrand said that Mr Begin had made a political as well as a psychological error in ordering the raid as "his first gesture" following the election of a French President, anxious to guarantee the existence of Israel. The result had been to diminish Israel's "capital of confidence" in France.

The President also found it strange that Mr Begin had not found it fit to explain his action to him, as he had done to President Ronald Reagan of the U.S. or to President Anwar Sadat of Egypt, particularly since a French technician was killed in the raid.

He made it clear, however, that France's formal condemnation of the raid did not embrace the Israeli people, but was directed at their leaders. He also emphasised, as did M Cheysson again yesterday, that France would only supply Iraq with another nuclear reactor if water-tight guarantees were given that French technology would not be used for military purposes.

Other Middle East news, Page 4

CONTROLS ON CREDIT EASED

THE French Government slightly relaxed its tight control over bank lending yesterday in a further effort to help industry with its current financing problems, writes Terry Dodsworth in Paris.

In a letter from the Bank of France, the banks were told that they will be enabled to increase their loans this month following an adjustment in the tough regulations governing the growth in credit. The effect of the measure will be to make a further FFr 5bn (£446m) available to borrowers within that part of bank lending embraced by credit control ceilings.

This move will not be as helpful to French industry as the increase in soft loan facilities announced earlier in the week. Although some companies are suffering from the scarcity of credit — a problem which the new measures should alleviate — they have also been hit hard by its cost. Loans now range between 19 per cent and 23 per cent for industry and commerce.

The credit control system was steadily tightened by the former government in order to fight inflation by limiting monetary growth.

Hondschoote votes, votes and votes again

BY DAVID WHITE IN PARIS

THE SMALL town of Hondschoote in French Flanders seems to be going for some kind of record. On Sunday, in the second round of the general election, its voters will be lining *up at the ballot booths for the* seventh time in three months.

The exercise of civic duty has taken over as the main weekend activity among the 3,000 inhabitants of Hondschoote, a quiet place that has been in decline since the heyday of the textile business. It is now partly agricultural, depending on potatoes and pigs, and partly a dormitory town for nearby Dunkirk, enlivened only by the visits of Belgian tourists from over the border.

In 13 Sundays, most of the town's over-18s will have spent more days voting than not voting.

The months of Sundays began with the demise of a municipal councillor, who was followed into the grave in March by M Daniel Peene, *the* Mayor and a faithful follower of former President Valery Giscard d'Estaing.

The first elections were called on March 29 and April 5, for the two vacant seats on the municipal council. In the final ballot, the rate of participation rose from 70 per cent to 80 per cent. Two Socialists got in.

Three weeks later 85 per cent turned out for the first round of the presidential election, to *be warmly congratulated for* their devotion by M Claude Gosset, the new Mayor and *another centrist.*

No sooner was the presidential contest decided on May 10 *than the voters of Hondschoote* were voting again. This time it was for the seat on the depart*mental council previously held* by the late Major.

With good grace, M Maurice Cornette, the Gaullist local MP, stood aside, allowing M Gosset to sweep in with a 51 per cent majority in the first round and the worthy electors of Hond*schoote to take the next Sunday* off.

But last Sunday the good citizens were back again for the legislative election. If they had been part of the Dunkirk constituency the saga would have finished there, in the first round. But, here, M Cornette has to fight a second round to keep his seat.

In France as a whole, voters' conscientionsness is already flagging, with a relatively very high abstention rate of over 29 per cent in last Sunday's first round. Up in Hondschoote, that is hardly surprising.

Brailovsky exiled by court in Moscow

By David Satter in Moscow

MR VIKTOR BRAILOVSKY, one of the leaders of the Jewish emigration movement in the Soviet Union and editor of the journal Jews in the USSR, was sentenced yesterday to five years' internal exile after being convicted by Moscow court of anti-Soviet slander.

He was arrested last November after the opening of the European security conference in *Madrid, to which many* Soviet Jews addressed protests, and has been trying *unsuccessfully to emigrate to Israel* for nine years.

His conviction and sentencing come at a time when opportunities to emigrate are becoming fewer. This led apparently to growing desperation on the part of Jews in many Soviet cities, particularly in the Ukraine.

In the first five months of this year, approximately 1,400 Soviet Jews a month were allowed to emigrate, compared with a rate of 1,800 a month last year and 4,300 a month in 1979 before the deterioration in U.S.-Soviet relations following the invasion of Afghanistan.

If emigration continues at the present rate for the rest of year, 1981 will be the worst *year since large-scale Jewish* emigration from the Soviet Union began in the early 1970s.

Many of the Jews being allowed to leave now come from Moscow, apparently in order to safeguard security in the capital and to create the impression that emigration is continuing.

In Kiev, *however, virtually no* Jews are being permitted to leave, whereas 2,000 Kievan *Jews emigrated in 1979.*

The arrest and exile of Mr Brailovsky, a former computer scientist, was apparently intended as an explicit warning to potential Jewish activists not to attempt public protests in the face of the worsening immigration situation.

The number of Jews applying to leave was increasing rapidly at the time of the invasion of Afghanistan and there are *believed to be 200,000 invitations from Israel—a prerequisite for emigration—now circulating in the country.*

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Swedish opposition calls for a freeze on prices

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S Social Democrat opposition has unveiled its long-awaited programme to end the country's economic crisis. The plan calls for a price freeze lasting six months to a year, new corporate taxes, a "buy Swedish" campaign, and trade union restraint in wage claims.

The programme is relevant because the Social Democrats, under the leadership of Mr Olof Palme, the former Premier, are riding high in the opinion polls and appear to be poised to win next year's General Election.

The announcement of the opposition's programme coincided with a grim forecast from the Swedish Federation of Industries. The statement said it was too late for any Government action to alter the economy's downward plunge over the next 15 to 18 months.

The *federation's economists* predicted a 3 per cent fall in industrial output this year and a *smaller decline in 1982.* Industrial investment, they estimated, would tumble by around *6 per cent this year, and 3.5 per* cent more next year.

The federation anticipates *increases in the current account* deficit this year and next, despite the improvement in Sweden's trade balance in the first four months of the year.

The econmists, who have the reputation of being the most accurate of the country's forecasters, foresee a drop of more than 1 per cent in GNP this year, and a smaller decline in 1982.

Against this backdrop, the Social Democrat opposition called for a concerted effort to curb inflation, reduce the alarming budget and current account deficits, and switch resources from consumption to the expansion of industrial output.

In contrast to the coalition non-socialist Government, the Social Democrats want more State intervention and a "fairer" *income distribution.* Profit-sharing would be introduced to compensate employees for show*ing wage restraint* and allowing companies to generate larger protfis.

The *instrument for* profit-sharing would be the employee investment funds, first proposed by the trade unions in 1975, whihc are designed gradually to achieve worker control over company finances.

After an initial price freeze, the Social Democrats propose to continue strict price controls and effect small, *successive* revaluations of the krona.

They would set up a "marketing council" with the aim *of* reducing imports, partly by waging a "Buy Swedish" campaign, and partly by increasing public purchase of goods and services from domestic companies.

State spending would be tighteend and there would be no room for further costly social reforms, according to Mr Ingvar Carlisso, chairman of the joint partly-union group which has drawn up the programme.

But local authority spending would have to rise by 2 per cent a year in real terms to allow for more child care and support for the aged.

Income tax would be cut for most taxpayers, but a new production factor tax would be applied to companies and taxes on capital gains, luxury goods. Wealth tax would also be raised.

The Social Democrats' proposal to build 25 to 30 coal-fired district heating plants as part of a drive to reduce dependence on imported oil brought has rejected by Sweden's environmentalists.

EEC staff threaten to strike

By Larry Klinger in Brussels

ADMINISTRATIVE staff at the EEC Council of Ministers have threatened to strike for *two weeks* if their pay demands are not met by next Tuesday.

The *2,000-strong* Council secretariat has emerged as the most militant group of com*munity employees* during a long-running pay dispute which was sparked by member *states deciding to* tear up a long-standing method for determining their pay.

***Discontent, however, is now* running very high among all the 16,000 Eurocrats in EEC institutions who are *to* be balloted on whether they will take part in the stoppage.**

Governments have been insisting on the need to narrow the gap between Eurocrat salaries and those paid in their own national administrations. EEC employees have accepted this in principle and are apparently ready to accept lower increases over the next five years

However, the Ten are refusing to give an assurance that the austerity pay regime will not be extended beyond five years

Third Ariane rocket to be launched today

BY DAVID TONGE

WEST EUROPE is today to launch its third Ariane rocket from Kourou, French Guiana, in a test which will show if *it* can yet compete with the U.S. in the field of space launchers.

The last firing of Ariane ended ignominiously in the Atlantic, but the previous attempt was a success. Officials from the 11-nation European Space Agency, which has developed Ariane, are confident that they have overcome the engineering problems.

They plan one more test flight in December, but have obtained customers already for 16 of the 20 Ariane rockets which—if all goes well—will be launched between 1982 and 1985.

Ariane is designed to compete with U.S. launchers such as the Atlas-Centaur and Delta rockets. It is more suitable than the much-delayed U.S. Space Shuttle for putting satellites in geo-stationary orbit 22,300 miles out in space.

Customers planning to take advantage of its large load capacity include the American companies RCA and Western Union.

Countries signed on to launch communications or broadcasting satellites include Australia, Colombia, France, India, Sweden, Switzerland and West Germany.

The Arab nations involved in Arabsat, the Arab communications satellite, also plan to use Ariane as will Intelsat, the international communications satellite in which Britain is heavily involved.

ESA members led by France have spent £500m developing Ariane and plan to make it one of the centrepieces of ESA's work in the next decade. A second launch pad is to be built at Kourou and plans are in hand to develop an improved version, Ariane-4.

However, ESA members have still failed to agree on the 10-year plan for the agency's future which they have been discussing since the spring. Britain argues that ESA should concentrate more on developing communications satellites so that West European companies can compete with the Americans in the potentially large market.

Some forecasts predict this will total £15bn in the next 10 years, with even larger sums spent on ground equipment.

East bloc economic growth reaches lowest point since war

BY LESLIE COLITT IN BERLIN

ECONOMIC GROWTH in the Soviet Union and the six East European countries in Comecon has been lower during the five years up to 1980 than at any time since the War. The situation is unlikely to improve over the next five year plan period, according to a detailed analysis of the latest Comecon statistics by DIW, the West German Institute of Economic Research, in West Berlin.

Comecon's economic performance last year was the worst ever, says the DIW report. The Soviet Union had an estimated growth rate of 2 to 3 per cent while growth for the six other Comecon countries was 1.1 per cent.

Only East Germany managed an improvement over 1979—by 0.6 per cent, to 4.2 per cent. Poland performed the worst, with a 4 per cent contraction in its produced national income, a measure which is roughly comparable to gross national product without services.

The institute's Comecon section says Bulgaria was the sole European Comecon country whose economy last year appeared to be on target. However, because of the limited statistical information provided it is unclear how this was achieved. Neither industry, which grew 4 per cent against a target of 6.5 per cent, nor agriculture, whose output fell by 5 per cent compared with planned growth of 3.5 per cent, were even close to the targets.

East European officials believe this was the reason why Mr Stanko Todorov, the Bulgarian Prime Minister, was replaced as the country's economic chief by Mr Grisha Filipov earlier this week. Last week, Mr Josef Kempny, the Czechoslovak central committee secretary for economics, was removed from his position.

The DIW analysis points out that the rate of economic growth has fallen sharply even in countries, such as the Soviet Union and Poland, which have reserves of energy and raw materials. In all the Comecon countries, investments were greatly curtailed over the five-year plan up to 1980.

Intensive growth was to have been achieved under the plan by modernising industry and agriculture and by higher productivity. Except for Romania, however, Comecon's growth in industrial productivity was below both the previous five-year plan and, in all seven countries, below the targets for the 1975-80 plan.

In the current plan to 1985, says DIW, growth is intended to be stabilised at the lower 1980 rate mainly by increased productivity. In addition, technological innovation is to be accelerated, economic organisation improved, energy saved and investment concentrated on modernisation.

The East European economies, however, have had little success until now in such intensification, after being forced to abandon extensive economic growth. The Institute says that for this reason it believes the economic targets to 1985 are "overly optimistic."

On top of these problems, it says, the six smaller Comecon countries will have to achieve export surpluses to reduce their burden of indebtedness to the West and, increasingly, to the Soviet Union to pay for Soviet oil and gas. They plan to reduce investments more than consumption, but the analysis says that, if growth continues to fall, then the East European consumer will be affected.

An important barrier preventing the Comecon countries from adapting their economic structures to high priced energy and raw materials is the absence of cost and price systems reflecting "actual conditions of scarcity," the Institute explains.

In agriculture, none of the East European countries achieved the targets they set in the last five-year plan. DIW believes the more modest growth rates set for 1985 are realistic in the light of the reduced starting point. It says only the Soviet Union expects to achieve higher economic growth and remarks that, in order to achieve the goal it has set for 1985, the Soviet Union would have to bring in five record harvests in succession which, "judging by past experience, is less than likely."

INCREASE IN PRODUCED NATIONAL INCOME

(Equivalent to GNP in %)

	1979	1980		1975-80		1980-85
	Actual	Plan	Actual	Plan	Actual	Plan
Bulgaria	6.5	5.7	5.7	7.7	6.1	4.6-5.4
Czechoslovakia	3.1	3.7	3.0	4.9-5.2	3.7	2.6-3.0
East Germany	3.6	4.8	4.2	4.9-5.4	3.9	5.1-5.4
Poland	−2.3	1.4-1.8	−4.0	7.0-7.3	1.7	0.0-0.5*
Romania	6.2	8.8	2.5	10.0-11.0	7.2	6.7-7.4
Hungary	1.8	3.0-3.5	−0.5	5.4-5.7	3.2	2.7-3.4
Comecon minus Russia	2.3	4.3	1.1	6.7-7.0	3.9	3.3-3.8
Russia	2.5	4.0	2.0-3.0*	5.4-5.7*	4.1	3.7-4.0*
Comecon with Russia	2.5	4.1	1.7-2.5*	5.8-6.1	4.0	3.6-3.9

Note: Comecon countries in this table are the six East European countries plus the Soviet Union

* Estimate

Source: German Institute of Economic Research, West Berlin

Solidarity warned about jobs loss

By Christopher Bobinski in Warsaw

SOLIDARITY, the independent Polish union, was warned yesterday to resist any Government attempts to lay off workers.

The union's research group reported yesterday that the Government had not developed a long-term employment strategy and that, in the absence of any clear plan, Solidarity should oppose dismissals.

The report said talks between Solidarity and the Government had failed to reveal either how many workers throughout the economy would be affected by lay-offs or how labour should be deployed in the coming years.

It clearly recognises, however, that one of the main problems in Polish industry is excess, inefficiently employed labour. "Many people are employed, fewer actually work. Solidarity ought to free society from tihs charmed circle," the report says.

At present official statistics show no unemployment problem with 120,000 jobs available for 15,900 people registered as unemployed. But the Solidarity report says that, in reality, some 200,000 people are looking for work. This figure will be swelled by school-leavers in the autumn.

Of some 50,000 graduates coming on to the job market, half will be hard put to find work in line with their qualifications, it adds. The status of unemployed people should be clearly defined and insurance against unemployment introduced.

● Austrian government officials are increasingly concerned about the financial burden caused by the record-breaking influx of Polish refugees, writes Paul Lendvai in Vienna. At least Sch 300m (just under £9m) will be spent this year on refugees, compared with Sch 173m last year.

Some 3,471 Poles applied for political asylum in Austria between January and May, about 70 per cent higher than the figure for the whole of last year and three times that in 1979.

Turkey rounds up suspects

ANKARA — The Turkish military authorities have arrested 244 suspected terrorists in a series of operations throughout the country and have seized thousands of weapons, including Soviet-made missiles, the semi-official Anatolia news agency reported yesterday.

The largest mass arrest was made in the Diyarbakir region 600 miles south-east of the capital where 135 Kurdish separatists were detained. Twenty-one members of the same group, called Kawa, after a Kurdish separatist hero, were also arrested in Ankara.

In four provinces near the Soviet Union in north-eastern Turkey, security forces captured 88 alleged terrorists, most of them from unspecified left-wing organisations.

They are accused of murdering nearly 30 people in political and sectarian violence before the military took power last September.

● *Turkey is sending Mr Rahmi Gumrukcuoglu, Deputy Secretary-General of the Foreign Ministry, as ambassador to London to replace Mr Vahap Asiroglu who is retiring.* AP

Rupert Cornwell in Rome reports on a test of party strength in Italy

Local polls with a national flavour

THE BATTLE has been desultory but its outcome will be crucial. This curious election campaign for Rome's municipality can be summed up thus. It is the most important of a series of regional elections this weekend scattered across Italy, in which almost 9m people, one-fifth of the electorate, will be entitled to vote.

In "normal" times (if anything these days in Italian public life may be described as normal), Rome would provide one of the most fascinating local elections anywhere in Europe. It was, after all, only five years ago that the Communists took power in the city of the Popes, amid a surge of hope that they might make a serious attempt to tackle its growing problems.

Has life in this now sprawling metropolis of 3m people improved since 1976? What has been done to clean up one of the world's most beautiful cities, to improve its chaotic traffic, to relieve its housing shortages? These are the questions which someone from north of the Alps might expect were being addressed over the past few weeks.

However, it has not been so. Local elections in Italy have long since stopped being local, and this time in Rome that has been doubly true. Traffic problems, pollution, the merits of the Communist-led administration's efforts to protect the city's archaeological treasures—all have been virtually forgotten.

The results will be scrutinised for two reasons alone: to see what has been the impact of the great P-2 freemasons' lodge scandal on voters at large, and as a party "beauty contest" which will have an important bearing on the efforts of Sig Giovanni Spadolini to form Italy's first government in 36 years not led by a Christian Democrat.

This weekend's local election results may well show what effect the P-2 Freemasons' lodge scandal has had on the Italian electorate. They may also have a bearing on Sig Giovanni Spadolini's efforts to form a government.

But will Rome—or Genoa, Bari, Sicily, or anywhere else where people are voting this weekend—succeed where other recent elections have failed, and provide a pointer to a real shift in the balance of political power?

It is impossible to say, even given the growing feeling in Italy that things cannot go on much longer as they are. All that is clear is that the Christian Democrats are on the defensive, and will be mightily relieved to hang on to the 33 per cent of the vote they won in 1976. Rightly or wrongly they, as the party in power nationally since the war, have been most closely identified with P-2 and its ramifications. What evidence there is suggests that the Communists, who in 1976 captured 35 per cent of the votes and 30 of the 80 seats in the assembly on the Capitoline Hill, this time could do better still.

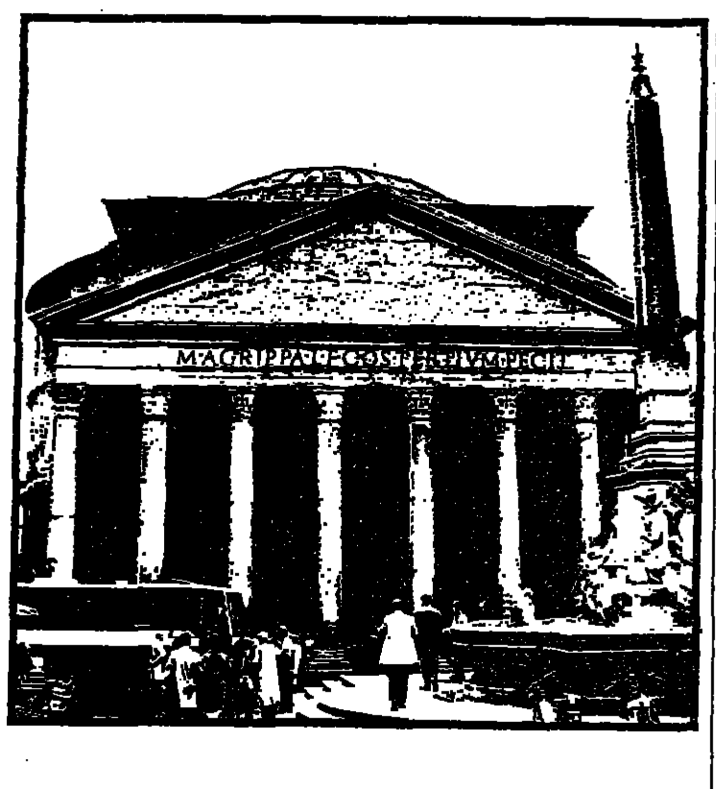
But the Socialists and Social Democrats, their junior partners in the left-wing junta, are also hoping for gains. Their professed optimism perhaps stems less from any domestic factor than the belief—untested so far—that France's socialist tide may spill over into Italy.

But in either case, the left would retain control, and that most probably would mean a further term as mayor for Sig Luigi Petroselli. He is a hard-working, if uninspiring, Communist Party official who two years ago took over from Prof. Giulio Carlo Argan, the art historian who in 1976 became Rome's first non-Christian Democrat mayor.

In office, Sig Petroselli has been less flamboyant, but arguably more productive, than his predecessor.

The Christian Democrats have not been helped by the difficulty in finding a local party figure of sufficient weight and appeal to lead their cause. Eventually they turned to Sig Giovanni Galloni, one of the party's best-known figures (and, incidentally, particularly sympathetic to the Communists).

Sig Galloni has the prestige, but he has been accused of lacking feel for the specific concerns of the capital. Perhaps, though, the only overriding local concern is whether Sig Renato Nicolini is re-elected as the city official responsible for culture. Sig Nicolini, a Communist, has been responsible for the most visible recent innovation in Rome life. If the city has added to its reputation as a centre for the arts, then it is largely due to him. Above all, he has invented the *Estata Romana*, or "Roman Summer" of outdoor entertainments consisting of films, dance, theatre, poetry readings and much else besides, in Rome's parks and archaeological gardens.



They have achieved enormous popularity. "*Renato, sei er mejo*"—"Renato, you're the greatest"—run the graffiti in local dialect. But even Sig Nicolini has not been able on his own to bring a local flavour to an election whose main effects will be felt in the enclosed, unreal world of national politics.

Call for Kampuchea peace force

By Kevin Rafferty in Manila

FOREIGN MINISTERS of the Association of South East Asian Nations (Asean) yesterday called for a United Nations peacekeeping force to be sent to Kampuchea as the first step in a three-point programme to restore peace to the area.

At the end of their two-day meeting in Manila, the ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand, said the next step should be the withdrawal of all foreign armed forces from Kampuchea under the supervision of the UN force. Finally, all Khmer factions should be disarmed after foreign forces had withdrawn.

The ministers refused to move from their recognition of the ousted Pol Pot regime on the grounds that "foreign intervention must be opposed and that any change in the recognition of democratic Kampuchea's credentials would be tantamount to condoning Vietnamese military invasion and occupation of Kampuchea." Vietnam has an estimated 200,000 troops in Kampuchea who are being opposed by Chinese-backed guerrillas of Pol Pot.

Asean countries are trying hard to lobby support for a united front of Kampuchean nationalists. When questioned, the ministers stressed they were offering diplomatic, but not military, help to the front.

In the next two days the ministers will meet Mr Haig, the U.S. Secretary of State.

Mossad chief criticises Begin on Iraqi attack

BY DAVID LENNON IN TEL AVIV

THE HEAD of the Mossad, Israel's secret service, took the unprecedented public step yesterday of indirectly criticising the Prime Minister, Mr Menahem Begin, for revealing details about the Israeli attack on the Iraqi nuclear reactor.

He said: "The nuclear problem has not been resolved by the destruction of the Iraqi reactor and the publicity about it is likely to cause harm of the first order to our intelligence."

Although he did not mention any specific person, the main source of public information about the air strike has been the Prime Minister who has revealed various details about the planning and execution of the raid, as well as the nature of the target and the extent of the damage caused.

The Mossad director, publication of whose name is forbidden here, called for an end to "unnecessary publications" about the attack.

He said in the interview published yesterday that these statements had already caused damage and "endangered sources." He said that this garrulousness also created problems regarding the co-operation of others with the Israeli secret service.

The seriousness with which he views the situation can be gauged by the fact that he broke a tradition of silence and spoke to Mr Zeev Schiff, of the daily Ha' aretz. Mr. Schiff is the doyen of Israeli military commentators.

It was also the first time that the Mossad chief had given a Press interview.

Mr Simon Peres, leader of the Opposition Labour Party, and the man behind the 1976 Entebbe rescue mission, accused Mr Begin of "unprecedented chattering" on nuclear matters. He said that in all the State's history, there had never been "such levity on matters of vital national importance."

Walter Ellis adds from Strasbourg: Israel's campaign to persuade world opinion of the necessity of its raid on the Iraqi nuclear power plant continued yesterday with lobbying in the European Parliament by Mr David Kimche, Jerusalem's Director-General for Foreign Affairs.

MEPs were due to debate separate resolutions by the Communist and Socialist groups deploring the raid, and Mr Kimche was seeking to persuade the majority to support his country's action by opposing the motions.

He believes that condemnation of the bombing could be damaging to Israel.

A vote was not expected until shortly before midnight.

Mr Kimche also took the opportunity to discuss the EEC's Middle East peace initiative with MEPs.

Israel is against any Community involvement which does not work in parallel with the Camp David accords. It is trying to convince Europe that a second peace front would only be counter-productive.

Christians and Moslems fight battle in Cairo

BY ANTHONY McDERMOTT IN CAIRO

TWO PEOPLE were killed and 31 injured during fighting between Moslems and Christians in Cairo on Wednesday night. The violence — the worst between the two sides since the middle of last year—broke out between supporters contesting the siting of a mosque on Christian-owned ground in the Zawiya el-Hamra area in north-east Cairo, one of the most densely populated areas of the capital.

An official statement on Cairo radio said that after exchanges of gunfire and stone throwing, police had intervened and arrested 42 people. During the fighting people had tried to destroy shops, mosques and churches.

Cairo was quiet yesterday but extra police patrolled the streets.

Tension between the Coptic Christian community, which represents about 10 per cent of Egypt's 41m population, and the Moslem majority is a persistent cause of concern to President Anwar Sadat. He has always pledged to protect the religious freedom of the Copts, but has been particularly angered by attacks on him by members of the Coptic community living in the United States.

Relations between the Coptic church and the government reached an all-time low in 1980 when the head of the church, Pope Shenuda, refused to celebrate Easter in protest at Moslem violence. During Christmas celebrations a few months earlier, Coptic churches were attacked in Alexandria and Assiyut and at least three people killed.

President Sadat . . . angered

Israelis give Habib more time to solve crisis

BY OUR TEL AVIV CORRESPONDENT

MR PHILIP HABIB, the special U.S. envoy trying to resolve the Lebanese missile crisis, won more time in Jerusalem yesterday for his efforts to defuse the confrontation between Israel and Syria which still threatens to erupt into armed conflict.

Mr Menahem Begin, the Prime Minister, said after meeting Mr Habib that the mediator "did not achieve the aim which he wants to achieve. There are no results of the talks. But perhaps he will achieve it next week and therefore we will give him more time."

Having indicated earlier this week that Israeli patience was running out, the Premier said yesterday that though "Syria is adamant she is going to keep the missiles in Lebanon," he is responding to appeals from President Anwar Sadat of Egypt and U.S. President Ronald Reagan by not placing any deadline on the mission.

Mr Habib, who is on his second mission to the Middle East since the crisis erupted seven weeks ago, yesterday maintained his tradition of giving away nothing by simply saying "the diplomatic process continues."

Mr Begin said the envoy's next stop will be Riyadh, Saudi Arabia and that his itinerary after that is unknown.

Not so much a budget as a symbol of existence

By James Buchan in Beirut

LEBANESE DEPUTIES come in many shapes and sizes, but they are mostly stooped and old, for there have been no parliamentary elections to relieve them since 1972. They are also very agile, because no sane man would want to spend long on Beirut's green line, the barricades which separate Christian east and Moslem west Beirut, not even for the state budget.

The Palais Mansour, the temporary seat of the Lebanese parliament, is a fine stone house some 250 yards west of the National Museum and the barricades. For half an hour yesterday morning, large black cars sped down the empty vista of Rue Fuad Premier, under the flame trees, past the abandoned race course, to stop with a screech of brakes and a flurry of doors and papers, in the middle of the road before the palace. In Beirut, an empty street is terror, a traffic jam a relief.

One deputy wore yachting shoes. Another sported a fez and smoked a cigar. Mr Amin Gemayel, the "son" in the trinity of leaders of the main Christian party, the Phalange, wore a snow white suit. One danced a little jig, under the chandelier. All embraced one another, for they have not met since shelling between the Christian militia and Syrian troops and their Moslem and Left wing allies rudely disturbed their session on All Fools' Day. If they had been wearing medals, the deputies would have looked like French veterans at the Invalides.

All week, senior government officials including the Speaker of the House, Mr Kamal Assad, had been sending emissaries to the different warlords pleading for a morning of peace to pass the budget. A security plan of a sort was agreed. Rue Fuad Premier was full of soldiers of the legitimate army, policemen and parliamentary guards. This was a beginning, one said. The Government had gained control of another area. Perhaps next week the crossing point by the museum down the road might be opened . . .

There was firing, the thump of artillery between the Syrians and the Phalange a mile down the green line in Sodeco. That was normal. There was also a scuffle on the steps between the bodyguards of Sheikh Pierre Gemayel, the Phalange "father," and the police. That too was normal.

But nobody wanted to stay around, admiring the gilt and tapestries or the town house. The budget committee chairman read his report so quickly that nobody could really have absorbed where the L£5bn (£586m) in expenditure was actually going. Sheikh Pierre came out of the chamber, said that parliament ought to meet more often and then left as if to show what he really thought. Mr Amin came out and said the same thing in more detail and then went back in again. After less than an hour, the budget was passed without discussion, by all 58 of the deputies who had turned up.

M Michel Edde, the Minister of Tourism and one of the wryest observers of the Lebanese scene came out "It is symbolic," he said. We have to keep the State working, even at a minimum." But he too sped off in his car, past the abandoned race course, under the flame tree and out of this eerie comic place.

Dr Andries Treurnicht . . . attacks labour policies

Rifts open up in South African ruling party

By Bernard Simon in Johannesburg

THE IDEOLOGICAL rifts in South Africa's ruling National Party have begun to surface again after being papered over in the recent election campaign.

Dr Andries Treurnicht, the party's Transvaal leader and spokesman for its arch-conservative wing, has taken a public stand against important areas of Government policy where some moderates in the party are advocating reforms.

Beeld newspaper, which supports Mr P. W. Botha, the Prime Minister, said in a front-page article yesterday that a speech by Dr. Truernicht earlier this week had raised "a new storm" in the Transvaal National Party.

In particular, Dr Treurnicht pointedly rejected recent moves towards less rigid racial discrimination in the labour field. In what has been interpreted as an implied attack on Mr Fanie Botha, the Minister of Labour, who is a leading moderate in the party. Dr Treurnicht said that the labour situation was being used by some people as a lever to uproot the self-determination of the country's whites. He said that one could not regard all workers as one "undifferentiated pool of labour, regardless of nations."

Dr Treurnicht views mirror those of many National Party members, and his supporters are a major obstacle in the way of racial reform by the Government. The Prime Minister has so far been careful not to upset party unity, with the result that Government policies in several spheres have appeared to veer to the right in the past few months.

Dr Treurnicht also expressed doubts about South Africa's closer links with the U.S. under the Reagan Administration. He warned that a condition of the Americans' friendship might be the disappearance of racial segregation.

Meanwhile, the Government has taken firm steps to control dissent against its policies at English-speaking universities. Three Cabinet Ministers warned yesterday that the authorities would not tolerate a repetition of recent flag burning incidents and other protests on several campuses.

The Minister of Internal Affairs, Mr Chris Heunis, said that foreign students would jeopardise their right to live in South Africa if they did not refrain from "doubtful behaviour."

Large increase in Australia's GNP

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S GROSS national product in the year to March rose by 4.3 per cent, according to figures released yesterday by the Bureau of Statistics. If the drought-afflicted rural sector is excluded, the growth in non-farm national product was 5.6 per cent.

Even if no further growth in non-farm product is recorded this month, growth for the Australian financial year to the end of June will be 4.7 per cent—the highest level for nine years.

The Government statistician warns, however, of a statistical discrepancy in balancing the expenditure and income sides of the accounts. If the expenditure side had been used to assess non-farm GNP, the growth rate for the year to March could have been as much as 2.8 per cent lower.

But even if the figures are not as rosy as they look, there is consistent evidence that the Australian economy is recovering from the recession of the past six years.

Investment in fixed capital by private businesses rose by 4.1 per cent in the March quarter, compared with the December quarter, and by 16.6 per cent in real terms for the year to March.

Private consumption, after strong growth in the September and December quarters, moderated to 0.4 per cent for the March quarter leading to an increase in real terms for the year of 3.2 per cent.

The expansion in Australia's resources development, including the building of mines, power stations and aluminium smelters, contributed to a jump in non-dwelling construction in the March quarter.

There was an increase of 25.9 per cent in real terms in private non-dwelling construction, taking the increase in investment in this area over the year as a whole to 40 per cent in real terms.

Wages rose by 16.2 per cent during the year, confirming evidence that wage pressure is building up and is likely to be a threat to Prime Minister Malcolm Fraser's anti-inflationary objectives.

Mr John Howard, the Treasurer, said yesterday that Australia's rapid growth contrasted "starkly" with that of the rest of the world. But he warned of inflationary problems that were accompanying the resurgence.

Unless the present trend in wage increases was reversed quickly, he said, the basis of recovery and development in the pipeline would be threatened.

China and U.S. 'tracking Soviet missile tests'

BY REGINALD DALE IN WASHINGTON

CHINA and the U.S. are secretly monitoring Soviet missile tests from tracking stations in western China near the Russian border, it was reported here yesterday.

The listening posts were set up under a secret agreement between Washington and Peking after the Iranian revolution forced the closure of similar American listening posts in Northern Iran two years ago.

The equipment is American, but, at the insistence of Peking, it is manned by Chinese technicians. The two countries share the intelligence gathered.

The reports, by the NBC television network and the New York Times, follow the announcement in Peking by Mr. Alexander Haig, the Secretary of State that the U.S. will give sympathetic consideration to Chinese requests to buy

Dobrynin: protests

American arms—a development that has already been strongly protested by the Soviet Ambassador in Washington, Mr Anatoly Dobrynin.

This new evidence of Sino-American military collaboration can only deepen the hostility and suspicion currently blanketing relations between the two super-powers. It could also weaken Washington's attempts to deter a Soviet invasion of Poland.

The possibility that Washington might strengthen its links with Peking in retaliation was seen here as one of the factors inhibiting a Russian move against Poland. Now, Moscow may consider that card has already been played.

It would be surprising if Moscow knows about the listening posts through its own intelligence. But experts here believe that recent events will have thoroughly alarmed the Kremlin — to the point where it might even make an "irrational response."

In his news conference earlier this week, President Reagan rubbed salt into the wounds by repeating his view that "we are seeing the first beginning cracks — the beginning of the end" of the Soviet Communist system.

He based his opinion on events in Poland and stirrings of useful dissent inside the Soviet Union. The State Department would not confirm or deny the existence of the missile tracking stations. The NBC said there are two stations, but the New York Times say there is only one.

Both agreed, however, that the site is close to the Soviet border in the mountainous Xinjaing Uighur Autonomous region, not far from two Russian missile testing sites. The New

Missile tracking stations of this type play a key role in verifying arms control agreements such as the Strategic Arms Limitation Treaty (SALT). They allow Washington to check whether Moscow is trying to cheat on agreed missile limits

Greece suspends talks

BY DAVID TONGE

THE US State Department said last night that it was "disappointed" at the suspension of Greek-American talks on the future status of the major American bases in Greece.

The Greek Government announced yesterday that the five-month old negotiations would be interrupted, reflecting that the talks had become a victim of Greek domestic politics. They will be left to the new government to be elected in November.

For the time being the bases will continue to operate under the 1953 agreement between Athens and Washington as modified in 1977.

Supreme Court judge to retire

By Jurek Martin, U.S. Editor, in Washington

PRESIDENT REAGAN will get an early opportunity to put his stamp on the Supreme Court with the announcement yesterday that Justice Potter Stewart will retire next month.

Six members of the court were appointed by Republican presidents and three in the Kennedy - Johnson years. Justice Stewart, an Eisenhower choice in 1958, generally espoused middle-of-the-road philosophies and from time to time was found in what might be called the court's liberal wing.

It must be assumed President Reagan will ask the Senate to approve of somebody appreciably to the right of Justice Stewart. It may be a woman, as he half-promised in a campaign speech last year.

With two of the other "liberal" justices, Thurgood Marshall and William Brennan, in poor health, Mr Reagan may be in a position to shape the ideology of the court for years to come, as did President Nixon, who appointed four members (two others were rejected by the Senate).

This week the court has twice proved a thorn in the Administration's flesh with a pair of rulings, in strip mining and textile cases, hampering the Reagan attempt to relieve the regulatory burden on industry.

Kissinger rebuffed

By Our Washington Staff

DR HENRY KISSINGER, not so long ago master of all he surveyed in international affairs, has lost his seat on the board of the American establishment foreign policy institute.

The former Secretary of State finished ninth in a field of nine in balloting for the eight-member board of the Council on Foreign Relations, on which he had already served one term.

Elected to the board were the man who succeeded Dr Kissinger at the State Department, Mr Cyrus Vance, and Mr Walter Wriston, Citibank chairman.

There are many ironies in the rebuff to Dr Kissinger. The council was established by the Rockefeller family, who were Dr Kissinger's first political patrons. Its current head, Mr Winston Lord, was Dr Kissinger's right-hand man in the Nixon and Ford Administrations.

Some council members hinted that the vote represented more animosity to Dr Kissinger as a person than what he stands for. "Some of the awe of Kissinger has worn off," one said. "He has stepped on a few toes."

Canada constitution ruling postponed

Canada's Supreme Court has postponed next week's expected ruling on challenges to a new constitution, thwarting Prime Minister Pierre Trudeau's hopes of proclaiming the charter on July 1, AP reports from Ottawa.

There are indications the ruling may be given at a special meeting next month.

The court's failure to reach a decision leaves Mr Trudeau free to make a proposed trip to France, West Germany and Britain next week.

Democrats endorse business tax change

The Democratic majority on the House ways and means committee has endorsed a change in the tax treatment of business investment, David Buchan reports from Washington.

The core of the Reagan plan is a simplification and shortening of the periods over which companies could write off against their taxable income the cost of new investment.

The Democrats have suggested allowing a company to write off the entire cost of equipment investment in the year of its purchase, and cutting the top rate of corporate income tax from 46 to 34 per cent 1984 to 1987. They would scrap the current investment tax credit for up to 10 per cent of new equipment.

Growth up 8.6%

The U.S. economy grew by 8.6 per cent in real annual terms in the first quarter of the year, according to final revised figures issued yesterday, Jurek Martin reports from Washington.

Argentinians freed

Argentina's chief of police yesterday ordered the release of some 1,200 car workers detained as they were about to take part in a 13-hour stoppage to protest against lay-offs and dismissals, Reuter reports from Buenos Aires.

Chaos is threatening to engulf U.S. airports, writes **Ian Hargreaves** in New York

Air traffic controllers take on pay policy

U.S. AIR traffic controllers, only 72 hours from a strike deadline today, yesterday seemed to be on a certain collision course with President Ronald Reagan's Administration's public-sector pay policy.

Although the initial focus of the strike, which would be the first by U.S. controllers, will be on the chaos certain to ensue at most main airports, the strike will also provide a crucial test for the Administration's handling of public-sector pay restraint and therefore aid its attemp to cut the federal budget.

The Administration's position is that it wants to hold wage increases for federal employees next year to 4.8 per cent. Most get their annual pay increase on October 1.

The Professional Air Traffic Controllers Organisation (Patco), has demanded a $10,000 across-the-board increase, which amounts to an 83 per cent increase for the lowest-paid trainee on $12,000 a year or over 30 per cent for the average controller on $33,000 a year. The union also wants to cut its members' working week from 40 hours to 32 hours and better retirement benefits.

If the Administration concedes anything like these demands to the 15,000 union members, it will then have to deal with 1.2m more federal employees who belong to unions, not counting the postal workers, who started renegotiating their contracts this week. Nor does that figure include the approximately 1.5m federal employees who do not belong to trade unions.

"What happens to Patco will have a significant impact on the rest of the Government," says Mr. Tony Ingrassia, assistant director for labour management relations in the Government's office of personnel management.

From the union's point of view, the issues are clear. Its members have been tied to general federal employee pay guidelines in recent years and those guidelines have been highly restrictive. Last year, for example, the authorised increase was 9.1 per cent, the year before 7 per cent.

Consumer price inflation was over 13 per cent last year and over 10 per cent the year before.

The fact that it would be illegal for the union or any other federal employee group, to strike, does not deter the union. "The only illegal strike is one that fails," said Mr. Roy Poli, the union's president.

The union has some precedent for its proposed illegal action. Although the federal Government has had a variety of civil and criminal law statutes on the books almost since the formation of the union, banning strike action by

Mr Drew Lewis: will challenge the strike in the courts

its employees, the reality is that the law has been under challenge ever since naval employees went on strike in the 1840s.

There have, however, been remarkably few all-out assaults on the laws in modern times, with the conspicuous exception of the 1970 strike by 150,000 postal workers. That strike was a victory for the postal workers who forced the Government to give the Post Office special status as a public corporation enabling it to bargain under the Taft-Hartley Law of 1947, which governs collective bargaining in the private sector and therefore makes no restrictions on strike action.

The air controllers would like similar treatment and after a decade in which the union has become increasingly militant and frustrated with its lot, the stage looks set for a bitter and perhaps prolonged confrontation.

Union members have taken part in several work to rules and "sick-outs" in the past 10 years, as a result of one of which the union was fined $100,000. Since then, union officials have concluded that if they are going to pick a fight, they may as well use all their industrial muscle rather than part of it.

The Government's response, voiced on Wednesday by Mr Drew Lewis, the Transport Secretary, is that the strike will be challenged in the courts and, if necessary, striking air controllers will go to jail. The Government has also offered considerable improvements to air controllers' fringe benefits, but these stop well short of the union's claims. The bargaining process is greatly complicated by the fact that only Congress can authorise a pay increase for federal employees and the only Bill in Congress directly pertaining to the controllers (as opposed to federal employees in general) is one sponsored by pro-Patco Congressmen which enshrines the union's demands.

The size of the likely ripple from the dispute elsewhere in the public sector is difficult to gauge at this point. There has been a good deal of anger that, in addition to preserving a public sector pay system which depends upon comparability formulae with the private sector and which is deemed to have sold federal employees short, the Reagan Administration has proposed an increase equal to only 94 per cent of the formula.

There is also a feeling that the air controllers have already won better placing in the civil service grading structure by their previous militancy than most federal employees, and that they should, if anything, be getting relatively less this time, not more. This cauldron of feeling is also, of course, charged by the fact that the Administration is in the midst of a hiring freeze, which has cut 10,000 employees from the federal payroll so far this year.

Rival social democrats fight for power in Barbados

BY TONY COZIER IN BARBADOS

FUNDAMENTAL POLITICAL changes have taken place in several Commonwealth Caribbean countries in recent years, from the military coup which brought the left-wing Peoples' Revolutionary Government to power in Grenada in 1979, to the election victory of the right-wing Jamaica Labour Party over the Socialist Peoples' National Party of Mr Michael Manley in Jamaica last September.

No such sweeping change will follow yesterday's election in Barbados. The two parties, the ruling Barbados Labour Party of Mr Tom Adams, the Prime Minister, and the Opposition Democratic Labour Party, led by Mr Errol Barrow, the former Prime Minister, have few identifiable differences.

Both describe themselves as social democrats. Mr Adams's party may be somewhat more right of centre than Mr Barrow's, but neither pursues ideological dogma with such fervour as Mr Manley did in Jamaica or Mr Maurice Bishop is doing in Grenada. They are both pragmatic in their approach to the problems confronting one of the world's smallest nations—166 square miles and a population of 250,000.

Since adult suffrage was introduced, the ruling party has held office from 1956 to 1961, the Opposition from 1961 to 1976, and the ruling party again since 1976, when it won 18 seats in the 24-seat house of assembly.

The success of their combined policies is reflected in Barbados's economic development and its political stability.

WORLD TRADE NEWS

U.S. textile makers take hard line on Far East suppliers

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE U.S. textile industry is asking the Reagan Administration in the U.S. to make a concerted attack on the major Far-East suppliers in the negotiations for the next Gatt Multi Fibre Arrangement (MFA) agreement which are due to open shortly.

The industry's stance was outlined in a speech this week to southern state textile manufacturers by Mr Robert Coleman, president of the American Textile Manufacturers' Institute (ATMI) who claimed the present MFA, which was signed in 1977, had failed.

Mr Coleman who is president of Riegel Textiles, a leading U.S. producer of denim and other fabrics, claimed that imports this year were running 12 per cent above 1980 levels and were likely to set a record of 4.9bn square yards.

More than 60 per cent of U.S. imports were however accounted for by a group of countries which included China, South Korea, Hong Kong and Japan — with only Japan showing any *long-term trend downwards.*

The industry in a joint submission with the unions to the U.S. Government has recently called for differential treatment of countries at different stages of development to be incorporated into the new MFA — a demand that is also being made by the industry in Europe.

This would allow lower growth rates to be imposed on dominant suppliers, creating more room for what the ATMI terms "truly developing countries."

U.S. producers are also asking—again in common with their European counterparts—for a lower overall growth rate in imports than the present 6 per cent. ATMI is suggesting that the new rate should be *tied to the growth in demand* for textiles in the American market up to 1985—estimated by the industry at about 1.5 to 2 per cent per annum.

The U.S. combined textile and clothing deficit widened last year to $4.1bn compared with $3.97bn in 1979. Imports rose from $8.1bn to $8.9bn, but there was also strong growth in exports which were up from $4.1bn to $4.8bn.

Much of the increase in exports was accounted for by higher sales to Europe where American producers have become more competitive as a result of the decline in the dollar and lower energy input costs.

U.S. exports of textiles and clothing are up 10 per cent in the current year compared with 1980 but ATMI officials are forecasting a slow down in the second half.

Kevin Rafferty, recently in Hong Kong, reports on proposals to alter tax and labour legislation

China to revise laws in bid to encourage investment

CHINA IS working on large scale revisions of its laws in an effort to boost foreign investments particularly in the special economic zones in the south.

From recent statements made in Peking, Canton and Hong Kong, it is clear that China acknowledges that it needs to make more use of foreign help in modernising the country and that present regulations are not affective enough.

Indications are that widespread changes may soon be in order, at least in the special economic zones. These may include lower taxes, greater freedom for management to hire and fire labour, more flexible wage payments systems to encourage greater productivity and easier immigration procedures.

Mr Ren Zhongyi, first secretary of the Guangdong Communist Party was recently quoted by Xinhua, the Chinese news agency, as saying that his province was considering cutting taxes on income earned by overseas businessmen investing in joint ventures. In addition customs duties on imported production equipment could be reduced or even remitted. Mr Ren said that the southern province would become "more *open and flexible.*"

The Peoples Daily also quoted the Guangdong first secretary as saying that the province should work harder to bring in industrial reforms to enliven the economy and that bureaucrats should overcome what he called "selfish departmentalism."

He was frank about some of the difficulties. "Currently there are many disputes between province and city, industry and commerce, industry and trade, internal and external trade," he admitted. "There is much wrangling about trifles, and some people often exercise their 'right of veto' without reason and simply raise obstacles."

At the Shenzhen Economic Zone just across the border from Hong Kong, Mr Peng Pang, the deputy director of the Shenzhen City External Economy and Liaison Office told a party of businessmen from Hong Kong that the authorities were planning to boost foreign investors' confidence by lowering taxes and delegating more responsibilities.

Mr Peng told the businessmen from the Hong Kong General Chamber of Commerce that the intention of the new rules would be to emphasise that the special economic zones were truly special. However, he would not be more specific other than to say that the tax incentives "would be much better than people have expected."

In terms of mere numbers, *the growth in ventures between* China and the outside world has been impressive. China Economic News reported in April that by the end of 1980 Guangdong province alone had signed 6,380 contracts with overseas concerns. The number for China as a whole might thus reach about 10,000.

But on closer examination, the small amounts of money tied up in the deals suggest that many foreign concerns have only tested the water. According to China's Economic Commission strict joint venture projects totalled 422 by the end of March this year. Of these, a mere 22 were equity joint ventures in China itself, with total investment worth $210m. Another 360 projects, with total investment worth $500m, were cotractual joint ventures.

In terms of mere numbers, the growth in ventures between China and the outside world has been impressive. But the small amounts of money tied up in the deals suggest that many foreign concerns are only testing the water.

The remaining several thousand deals would be compensation trade (under which the foreign investor gets a share of production) or mere processing arrangements. Some Hong Kong doll-making factories, for example, find it cheaper to send the dolls to China to have their eyes painted on.

The preponderance of agreements, perhaps 80 per cent, have been made with concerns from Hong Kong and Macao. This is partly because the two territories lie close to China's special economic zones.

Shenzhen, the biggest, is on Hong Kong's doorstep Shekou, run by the Hong Kong-based Chinese company, China Merchants Steam Navigation, is the industrial area of Shenzhen, Zhubai is in the hinterland of Macao, and Shantou is not far away.

More important is the fact that the Chinese "overseas compatriots" have been more prepared to take things on trust than a complete foreigner would. As one Hong Kong Chinese businessman put it: "We are Chinese and they are Chinese and we can understand one another, whereas the American or European corporate lawyers must have the answers to the question which will occur only tomorrow."

Nevertheless, some Hong Kong companies admit to being hesitant about doing business with China. One company director, who has appeared on public platforms praising co-operation with China, admitted privately that "at the moment all the agreements don't add up *to a string of* beans with which to climb the beanstalk to see what the outside world looks like."

Almost all investors have grumbles about the way their China deals have worked. Some complain of Chinese bureaucracy and the numbers of departments they have to consult, with a figure as high as 50 mentioned by some. Most say that the quality of labour and management leaves a lot to be desired.

Even factories where workers have learned to adapt to an industrial environment find it hard to mitivate and get more effort out of workers. "You have to make allowances for people who have come straight from the fields to the factories, and most of them are learning fast," said a more sympathetic investor.

"But at the end of the day, wages are low, much lower than in Hong Kong, and there is no extra pay for extra effort or extra effort or extra production. It is a hard struggle." Some foreign investors have bent the rules by giving prizes for the best workers, sometimes in cash and sometimes in kind.

Mr Peng conceded that many of the problems existed. He said that about 400 factories with 17,000 workers were operating, but some had closed because of disputes and disagreements, and other potential investors were waiting for the new rules.

Optimists say that the special economic zones are now poised for takeoff. China realises the advantages of foreign co-operation, especially as the costs of almost all joint ventures are low.

In most cases the foreign partner provided the foreign exchange and the equipment. Press comments have praised the work of joint ventures between Chinese and foreign concerns. The new China Daily English-language daily, positively sang about the wine produced *through* the deal between Remy Martin of France and Tianjin Wine Company. The equity joint venture made a profit of Yuan 600,000 (£165,000) last year, and the wine is intended for export only.

On the side of the foreign investors there is also a feeling that the initial sorting out period is over and that companies may begin to profit if China is more flexible.

The Shenzhen zone has certainly proved attractive enough for the Hong Kong and Shanghai Bank and the Nanyang Commercial Bank to apply for licences in the Chinese town.

Just how successful ventures with China will become will depend on *how* flexible China is prepared to be.

Japan 'ready for car export talks with EEC'

BY JOHN WYLES IN BRUSSELS

JAPAN was now ready to discuss the level of its car exports to Europe in 1982 with the EEC rather than with individual member states, M Gaston Thorn, the European Commission President said yesterday.

Commenting on talks this week with Mr Zenko Suzuki, the Japanese Prime Minister, and with Mr Rokuske Tanaka, the Minister for International Trade and Industry, M Thorn said that Japan had, in effect, challenged the Community to develop a common policy

The President was cautiously optimistic about the outlook following important undertakings from Mr Tanaka that the Tokyo government would urge its private sector to import more manufactured products from the EEC and that it would also try to remove other obstacles to EEC imports.

These moves are seen here both as a serious response to the EEC's demands for action to cut its soaring trade deficit with Japan and an encouragement to member states to deal with Tokyo on a Community-basis.

According to M Thorn discussions would start in the autumn on the question of Japanese car imports for 1982. The Commission's problem will be to secure a mandate to negotiate.

Taiwan stops imports of aluminium ingots

BY ROBERT KING IN TAIPEI

THE Taiwan Government has stopped approving applications for import licences for aluminium ingots, it was disclosed yesterday.

A Foreign Trade Board official said that it has not allowed the import of ingots since June 2, and indicated that the move was taken to lower mounting inventories of ingots at the state-run Taiwan Aluminum Corporation.

The company has not been able to compete with ingots from abroad because of its extremely high energy costs, the trade department official said.

The smelting process, in which aluminium is extracted from ore, requires huge amounts of electrical energy. Imported crude and fuel oil produces the bulk of Taiwan's electricity, resulting in high production costs for the state-run company.

One industry official said that imports are priced 15 per cent lower than ingots from Taiwan Aluminum. He said that American producers, such as Kaiser Aluminum, are the major suppliers of ingots, and that it has been estimated that Taiwanese purchases of ingots from abroad last year reached $100m.

American producers fear that, should the Taiwanese market remain closed, the resulting oversupply may flood the American market.

The Taiwanese move came as a surprise. The Government has in the past turned down requests by Taiwan Aluminum for an embargo on imports.

Fujitsu wins U.S. and German deals

TOKYO — Fujitsu said it has concluded a contract to supply Burroughs of the U.S. with facsimile equipment worth about $30m (£14.2m) over three or four years beginning in November for sales in the U.S. under the American company's brand-name.

The Japanese telecommunication equipment concern said the high-speed facsimile to be shipped to Burroughs has been developed specially for export, but would not disclose the shipment volume.

Fujitsu has also reached *basic agreement with Siemens* of West Germany to supply large-scale computer systems to the German concern for sales with Siemens brand-name on the German market.

The Japanese manufacturer declined to comment, but it is thought that the computers they agreed to supply are the latest models of Facom M-380 and M-382 developed by Fujitsu.

Reuter

Eight to bid for Bahrain contract

BY MARY FRINGS IN BAHRAIN

EIGHT international companies have been selected to bid for *the construction of the $350m* (£166m) Gulf Petrochemical Industries complex in Bahrain. Dr Tawfeeq Almoayed, the chairman of GPIC, has announced.

The qualifiers are Foster Wheeler, Davy McKee—both U.S. companies working from their London offices—Heurty Industries and Creusot Loire Entreprises of France, Mitsubishi and Toyo of Japan, SnamProgretti (Italy) and UHDE GMBH (West Germany).

A total of 51 companies registered for pre-qualification and 26 completed the documents.

The tender documents will be issued within two weeks, and bids are due by the end of September. Allowing three months for evaluation, an award can be expected before the end of the year.

The main contract includes detailed design, engineering and procurement services, together with construction and commissioning.

U.K. group in £8m order

BY OUR WORLD TRADE STAFF

RANSOMES AND RAPIER, the *Ipswich engineering group, is* to provide two more walking draglines costing £8m to Coal India's central coalfields.

The first of the two machines is being shipped while the second is under manufacture. This will bring to four the number of machines Ransomes is supplying to Coal India. Last year it won an £8m contract.

The machines specified in the latest order will be used to strip off the overburden which covers the coal seams at Coal India's opencast mines.

The British mining machine industry has been making an especial effort to win contracts in India, which is engaged in a substantial programme of coal mining expansion.

Pye TVT, the Philips unit, has won a £4m contract to provide the Nigerian Television Authority with eight outside broadcast vehicles and three television transmitters.

Judgment reserved over Burmah claim on BP stake

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGMENT was reserved in the High Court yesterday on Burmah Oil's claim to have the sale of its 20 per cent holding in BP to the Bank of England set aside.

Mr Justize Walton gave no indication when he would give his decision.

In the 12-day hearing, Burmah alleged that the Bank took unfair advantage of the company's weakness during its 1974/75 financial crisis to get the BP shares grossly below their value.

The Bank, which paid £179m for the holding, argued that the price, closely related to the market price at the time, was fair. The current market valuation is nearly £1.2bn.

Mr Leonard Hoffman, QC, concluding Burmah's case, said that a striking feature of the Bank's rescue proposals for Burmah was that there had been no bargaining. The Government had offered terms; Burmah had not liked them, but had accepted them.

The judge suggested that Burmah's attitude had been: "We don't like them, but we cannot possibly get better terms elsewhere."

Mr Hoffman said that Burmah's witnesses had acknowledged that the Bank had behaved fairly, on the assumption that the Bank's contention was true that it was not a free agent, but had to get the Government's approval for the rescue terms. There had, however, been no evidence that this had been the case.

The judge said that the Government had not ordered the Bank to do anything. It had emerged from the evidence that the Bank felt, rightly or wrongly, that it could only offer a deal which would be backed by the Government's guarantee.

This might not affect the fairness or otherwise of the deal which the Bank offered, but the Bank had behaved perfectly fairly, honestly and openly, the judge said.

Mr. Hoffman said that the method used to fix the price of 230p for each BP share had been irrational. At the time the stock market had been unusually depressed and volatile. The BP holding was a large block which could not be regarded as a temporary speculative purchase, yet the criterion used to fix the price had been the average price over an extremely short and untypical period.

The judge said that he was perplexed by what other formula could have been applied. However unsuitable it may have been, the Stock Exchange price had been the only possible yardstick.

Mr Hoffman said that the prices should have been the same as are obtained in negotiations between a willing seller and a willing buyer. Burmah had to sell, whereas the Bank had been under no similar constraint to buy.

It had been estimated originally that the case would last between six and eight weeks. Two things in particular contributed to the unexpectedly early finish.

First, the judge avoided the need for long reports prepared by expert witnesses to be read out by reading them overnight.

Then the Bank decided to rely on three witnesses, whose evidence was completed in a day or so.

It had been thought that Sir Jasper Hollom, deputy governor of the Bank, who sat in court throughout the hearing, would be a witness.

It is understood that the Bank also originally intended calling Mr Edmund Dell, Paymaster General in 1975; Sir Jack Rampton, then permanent secretary at the Department of Energy, and Treasury officials who had been involved in the Burmah affair.

In the event none took the stand.

Rise in D-Mark forecast

By David Marsh

THE POUND and the dollar are expected to fall against the D-Mark as Germany's low inflation rate and narrowing current account deficit force a correction of the disequilibrium on foreign exchanges.

The London Business School says in its Exchange Market Outlook that the pound and dollar ar eovervalued at current levels, and that Germany enjoys a "huge competitive advantage."

The D-Mark has been pushed down mainly because the German economy entered recession relatively late, leading to a big rise in imports last year which exacerbated the oil induced worsening of the trade balance.

The school says the German trade balance is now improving, as the April figures showed. The domestic recession is curbing import volumes. Export volumes and orders are responding vigorously to the boost to competitiveness. Germany will also be one of the major beneficiaries of any drop in oil prices.

It points out that the zone of currencies established around the D-Mark is more than twice as important for UK trade as the North American "dollar bloc."

Alan Pike reports on the popular papers' race to buy readers

Fleet Street's bingo battle for sales

READERS of this newspaper who are not already rich may, if they are lucky, remedy the defect by careful reading of the financial pages.

The Sun, the Daily Mirror and the Daily Star do not purport to provide such a service, but this week they have been offering their readers an interesting substitute. Between them they are running competitions with prize money totalling £1,350,000—a sure sign that they do not have money to give away.

Mr. Jocelyn Stevens, chief executive of Express Newspapers, asked about the increasingly cut-throat competition at the popular end of Fleet Street, commented: "Anything can happen now that we are all playing bingo." The remark was intended in the utmost seriousness.

(Financial Times readers still struggling to get rich will ask "What is bingo?" Rich Financial Times readers will be acquainted with the game from world cruises on the P&O.)

All three promotions being run by the popular newspapers are based upon the bingo recipe. The objectives and positions in a crucial circulation war are:

The Sun To retain its position as Britain's biggest selling daily newspaper which it has achieved under the ownership of Mr Rupert Murdoch's News Group. This supremacy is, in different ways, under attack from both the other bingo partners. Last month The Sun dropped its cover price from 12p to 10 to match the Daily Star's price in a bid to halt declining sales.

Daily Mirror Lost the title of top selling newspapers to the Sun, but is now drawing close again to its rival's 3.6m circulation. Still sells at 12p.

Daily Star Launched in 1978 by Express Newspapers, the Daily Star is being taken far more seriously by its rivals today than it was at the time of its birth. It has the distinction of being Britain's fastest growing newspaper—sales are now about 1.5m, and Express aims to push that to 2m with all possible speed. Bingo became part of its marketing strategy on a regional basis earlier this year.

The bingo campaign and the price cuts at the Sun and the Daily Star are not the first signs of agitation among the competitors of the popular press. In April Mr Murdoch announced that Sir Lary Lamb, editor and very much the originator of the present Sun—which was launched in 1969—was to take six months sabbatical leave. Mr Ken Donlan, who in a short stay as editor of Mr Murdoch's News of the World had not seen a decline in circulation reversed, was also replaced. However, Express Newspapers then announced that it would not release the proposed new acting editor of the Sun from his post at the Daily Express until he had worked out his three months contract.

Popular newspapers draw the bulk of their revenue from sales rather than advertising and the 10p cut-price battle between the Sun and the Daily Star is an expensive gamble for both groups. If one raised its price the other would probably quickly follow—even the Mirror's 12p is thought in the industry to be on the low side—but this seems unlikely to happen before August.

The result is bingo. Both the Sun and Daily Star competitions involve readers obtaining a card and checking off numbers as they appear in the newspaper. As befits a newspaper which sells for 2p more than its rivals, the Mirror promotion assumes that its readers already have some money—they have to check the serial numbers of their pound notes against those published in the paper.

By Wednesday the Daily Mirror front page was announcing its first £5,000 winner. He had a superb Daily Mirror pedigree—Mr Robert Patrick, a 55-year-old unemployed ship repairer from Essex was reported as declaring: "I do the pools every week but the Mirror was the best investment I ever made."

The Sun, because of the style of its competition, had no winner to announce. But it elevated to national prominence newsagents in places like Sunderland and Rochdale who told how people were going mad to get hold of a copy of the paper.

By yesterday it was reinforcing the message in language which popular newspapers conventionally reserve for reports on the related topics of heatwaves and Bank Holiday traffic jams: "Britain yesterday got Sun-stroke. . . the biggest bingo bonanza ever to hit the land. . . the nation is suffering from a severe case of Sunburn because of the soaring success of our competition. . ."

Meanwhile, yesterday's front page of the Daily Star took the opportunity of drawing its readers' attention to this month's edition of the magazine Media World and its "tribute to the soaraway Star's brilliant introduction of big-time Bingo—an innovation now being desperately imitated by one less-than-sparkling rival and fretted over by the other."

All good poisonous fun. But the issues are serious. The fight for sales and consequent advertising revenue, is likely to continue between the popular papers in their crowded market deep into the summer. Nobody knows who will win, or whether there will be a winner. Many ears will be finely tuned on three Fleet Street boardrooms, trying to detect any distant cries of "bingo."

Government plays a silent role in High Court action

BY OUR LAW COURTS CORRESPONDENT

BURMAH OIL'S claim against the Bank of England, awaiting the judgment of the Hihg Court, was very much a case of Hamlet without the Prince of Denmark.

It was clear from the outset that the Government had been the potent force behind the plans to help Burmah out of its financial crisis in 1975. It dictated the rescue terms and fixed the price that the Bank was to pay for Burmah's BP shares.

Burmah made its final despairing plea to the Government for a better deal, only to be told by Mr Edmund Dell, the then Paymaster General, that if it didn't like the terms, it could look elsewhere for help.

Yet the Government was not a party to the action, and neither Burmah nor the court knew how the Government reached its decision on the terms.

It did, however, have a presence in court, with two barristers who had a watching brief on behalf of the Attorney-General.

Opening the case, Mr Leonard Hoffmann, QC, for Burmah, commented drily that they were there "to see that I don't elicit any evidence, the disclosure of which might be contrary to the public interest."

He was referring to the Government's successful claims for public interest immunity (formerly known as Crown privilege) for documents relating to the negotiations. Burmah twice sought pre-trial disclosure of Government records but the House of Lords in November 1979 and the High Court in March last year accepted the Government's pleas that disclosure would be contrary to the public interest.

The documents were communications between Ministers and minutes and memoranda of meetings at which Ministers, senior officials of the Department of Energy and the Treasury, and the Bank of England, discussed Burmah's problems and their solution.

In the earlier and major case, in which 62 documents were in issue, the immunity claim was made on the grounds that they related to top-level formulation of Government policy, and that it would not be in the public interest for documents revealing the process of providing Ministers with "honest and candid" advice on high policy matters to be made public.

Refusing to order disclosure, Lord Wilberforce said there was no ground "apart from pure speculation." for supposing that the documents contained anything which could outweigh the public interest in non-disclosure.

His fellow Law Lords agreed that, whatever Burmah's view might be, the documents were not so essential to its case as to defeat the Government's immunity claim.

Consett yard sale agreed

BY MAURICE SAMUELSON

A SCHEME to restore some jobs to the former steel town of Consett, County Durham, is likely to go ahead after the sale of the disused fabrication yard owned by Redpath Dorman Long, the British Steel Corporation's engineering subsidiary.

RDL is understood to have accepted an offer for the 90,000 sq ft yard from Mr "Mac" Murray, the head of a Hartlepool engineering company who wants to reopen the RDL yard to make tubular sections for the off-shore oil industry.

Full agreement is said by RDL to be subject to certain legal provisions. Until now, the sale had been held up by disagreement over not only the price but also whether it would include heavy equipment for rolling the tubular sections. RDL had transferred the original equipment to another North-east plant.

Mr Murray has said he could provide 30 to 40 jobs immediately, rising in a few years to more than 500. RDL's initial asking price when it put the yard on the market in March was £225,000.

Commons proposal on Lloyd's opposed

By John Moore

LLOYD'S of London, the insurance market supported by a private membership, would be gravely weakened if the market accepted a parliamentary recommendation that groups which run underwriting syndicates at Lloyd's should not be able to introduce new members to those syndicates.

The warning came yesterday from Mr Peter Green, Lloyd's chairman, in a letter to the 20,000 members of the insurance market.

Mr Green is seeking their vote on two key amendments required by a Commons committee for inclusion in the Lloyd's private Bill on improving self regulation. Voting closes on July 17.

Mr Green and the ruling Lloyd's committee have urged members to vote for the parliamentary requirement that brokers, the buyers of insurance, should divest themselves of their interests in managing agencies, the groups which run underwriting syndicates.

But Mr Green and his committee have not recommended the divorce of managing agencies from acting as members' agencies, the groups which introduce members to Lloyd's.

Instead, Lloyd's is putting arguments for and against the divorce issue.

The arguments for divorce are:

- a member is better protected in his underwriting affairs if he employs an independent intermediary, an agent who acts purely as a members' agent and does not manage any syndicates.
- A member's agent is in a good position to take an overall view of the market, of the characteristics of different syndicates and of the qualities of different managing agents and their underwriters.

The arguments against are:

- A member of Lloyd's has freedom of choice in the selection of an underwriting agent.
- The divorce proposition would remove the direct and personal link which has persuaded members to become liable to the full extent of their wealth to meet insurance losses.
- Managing agents attract members because of their reputations as underwriters.
- Many large members' agencies are run by Lloyd's brokers. If the parliamentary proposal was adopted the power of the brokers would be increased.

Fowler set to announce BR strategy on Monday

By Lynton McLain, Transport Correspondent

THE GOVERNMENT is expected to announce on Monday its future strategy for British Rail, including its approach to BR's request for extra investment for electrification.

Mr Norman Fowler, the Minister of Transport, is expected to tell the House of Commons that British Rain can go ahead with further electrification, as agreed by a Cabinet committee on Wednesday chaired by the Prime Minister.

The Government, however, has not endorsed British Rail's plans unconditionally. Each proposal for electrification or modernisation of rolling stock, track and signalling will be considered by the Government on its merits.

Furthermore, British Rail will have to prove that each scheme would produce a real return on the Government's investment. The schemes for further electrification will produce high real rates of return only if British Rail achieves substantial improvements in its efficiency and productivity and if it raises passenger fares and freight rates faster than the current rate of inflation.

Mr Fowler is expected to announce next week that productivity and efficiency are matters for the British Railways Board to achieve, and are not issues the Government can settle.

John Elliott writes: The electrification announcement clears the way for negotiations to go ahead on Sir Peter Parker's reappointment as British Rail chairman. His present appointment, on a salary of £48,500 a year, expires in September.

The Transport Department wants him to stay, but he has been unwilling to commit himself until he was assured that the investment programme ment backing.

Sir Peter also wants a salary increase of £30,000 a year. But the Civil Service Department, which vets all nationalised industry boardroom salaries, would prefer to keep this down to £15,000 and may be loath to agree any thing until the civil servants' pay dispute has been settled.

The department has yet to agree terms for Sir Denis Rooke and Mr Jack Smith who have been reappointed as chairman and deputy chairman of British Gas and for Mr Michael Bosworth who is being reappointed as deputy chairman of British Rail. Salary increases have also been claimed in other industries

Dispute's effect confuses money supply analysis

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE STATE of the money supply is becoming increasingly clouded by the impact of the Civil Service dispute. But the official view remains that the growth of sterling M3, the broadly defined money supply, is within the target of an annual growth of between 5 and 10 per cent without these distortions.

Bank of England figures published yesterday show that M3 rose on a seasonally adjusted basis by £1.06bn, or 1.5 per cent, in the month to mid-May, to which the dispute contributed between three-quarters and one percentage point.

The Bank comments that it is increasingly difficult to gauge the extent of distortions produced by the dispute. In particular, it is not possible to *estimate precisely how much of* the extra funds in the hands of the private sector (produced by delayed tax receipts) have been used to repay bank lending.

The main problem is the balance between bank lending to *the private sector and* the public sector's contribution. Sterling lending to the private sector rose £44m last month but this gave a misleading guide to the underlying trend. The best guess is that the rise in bank lending is continuing at about £700m a month.

The Bank's quarterly bulletin published yesterday drew attention to the sharp rise in lending to the personal sector both for house buying and other purposes.

The *counterpart of the* low rise in bank lending was a high level of central government borrowing. It totalled £2.03bn, of which about £1bn is estimated to have been a direct result of the dispute. The rest of the public sector borrowed £578m from market sources.

Sales of government debt to the public and to non-bank financial institutions remained high at £1.46bn. This included £841m of gilt-edged stock and a record £732m of national savings, *mostly* savings certificates. A total of £2bn of National Savings has been sold in the last four months.

MONEY SUPPLY

percentage rates of growth

	Last month	Since February at annual rate*	Last 12 months
M1	0.6	21.8	12.5
Sterling M3	1.5	18.7	19.2
M3	2.4	27	21.4
PSL1	1.6	19.1	14.6
PSL2	1.1	16.7	13.4

Figures in recent months distorted by Civil Service dispute. Official estimate that sterling M3 growing within official 6 to 10 per cent target range, after adjusting for dispute.

Dover busiest-ever, but in debt

BY ANDREW FISHER, SHIPPING CORRESPONDENT

DOVER, Britain's busiest port, did more business than ever *last year but ended up in the* red after higher charges for depreciation, interest and future tax.

It made a net loss of nearly £220,000, compared with a 1979 profit of £681,000. Total operating revenues increased from £11.3m to £14.5m.

For the third year running Dover handled more cargo than any other UK sea port. There was a rise of 7 per cent to 6.76m tonnes, having a value of £10.86m.

Sir William Harris, the harbour board's chairman, said in the annual report that traffic was remarkably buoyant in spite of reduced economic *activity in many fields.* "The competitive and aggressive marketing by the shipping operators no doubt contributed to a great extent to this result."

On the passenger side, where ferry companies engaged in rate wars, Dover registered a 20 per cent increase to 11.03m people carried. Accompanied vehicles crossing the Channel increased by almost 15 per cent to 1.49m.

Dover also increased its charges at the start of the year, by 19 per cent for roll-on/roll-off traffic, and by an average 25 per cent for conventional traffic.

After higher net depreciation of £1.4m (£995,000), the port *registered an operating surplus* which had increased from £3.39m to £4.48m. It then set aside £1.4m, twice as much as the previous year, for further depreciation, to reflect changes in asset-replacement costs.

The interest charge increased from £1.14m to £2.02m. This left a net surplus of £1.07m compared with £1.59m, before the transfer of £1.29m (£1.22m) to the tax equalisation account. The account seeks to even out tax burdens over future years. There was no corporation tax liability.

Brixton searches 'not harassment'

NINE OUT of every 10 people stopped and searched during a special police operation carried out in Brixton in the week leading up to the April riots were innocent, the Scarman Inquiry heard yesterday.

But Det Chief Supt Jeremy Plowman, who organised Swamp '81, denied the operation, in which about *1,000* people were stopped and questioned, had done more harm than good and had harassed black people.

Mr Plowman said the way the plainclothes officers behaved on the operation "was in a manner that was professional and did not cause harassment."

Mr Wilton Hill, representing several black local community organisations, said: "In relation to Operation Swamp and your police officers there was a presumption of guilt against every black man." Mr Plowman replied: "That is absolute nonsense."

The inquiry was told by Mr Plowman that Brixton could become another Harlem unless police curbed the soaring crime rate.

He regretted there were not more black officers in the force. But existing black officers were sometimes regarded by the black community as traitors. "We have had instances of them being spat at," he said.

Mr John Moss, London's Assistant Chief Ambulance Officer, told the inquiry that his men had encountered a hostile mood from the rioters. "I have been in the service for 33 years and have never experi*enced it before,"* he said.

"The neutrality of the ambulance service one normally takes for granted. It was a new situation and I hope, one that one does not experience again."

During the disturbances the service took 104 people to hospital—90 of them policemen.

Police seek co-operation, says McNee

BY JAMES McDONALD

LONDON'S POLICE are dedicated to seeking the co-operation and support of the public—irrespective of race—for effective policing, says Sir David McNee, Metropolitan Police Commissioner, in his annual report to the Home Secretary, published yesterday.

"I attach the highest priority to maintaining and enhancing good community relations." The police do not seek confrontation with any group, says Sir David.

Describing 1980 as the "year of the siege," referring to the occupation of the Iranian Embassy, Sir David says: "Given the tensions throughout the world I see no lessening of the risk of terrorist attack."

The report says that last year the Metropolitan and City police company fraud branch began 651 new inquiries, including 4% involving alleged corruption in the public sector.

"A total of 500 cases currently under investigation involves approximately £400m," says the report.

The number of serious crimes recorded by the Metropolitan police last year was 5 per cent higher than in 1979, revensing the downward trend in the two previous years. The total was greater than the previous peak in 1977.

The rise in robbery and burglary gave most cause for concern, says Sir David's report. Robbery figures increased from 6,232 in 1979 to 7,585 last year and burglaries from 16,873 to 125,806.

Of those arrested for robbery, 60 per cent were under 21 years old and 67 per cent of those arrested for burglary were also *under that age.*

Matsushita warns Welsh plant over competitiveness

THE EFFICIENCY of Matsushita's television manufacturing plant near Cardiff is to be monitored to see whether it is worthy of further expansion, Mr Masaharu Matsushita the company's chairman, said yesterday.

He warned that the company—Japan's largest television manufacturing group—would not go ahead with further investment in Wales unless it was sure that local management and conditions at the factory were internationally competitive.

In the past, Matsushita has been critical of British suppliers, who provide 70 per cent of the components for its UK-made televisions selling under the Panasonic brand name.

Japanese engineers have reported failure rates up to 10 times those for equivalent parts made in Japan, although the gap is closing. Productivity at Cardiff is said to be considerably lower than at the company's plants in Japan and the Far East. However, executives admit this is partly because it *is much smaller and caters for* a different market.

Recently, the company expanded capacity in Cardiff from 80,000 to 140,000 sets a year with an investment of £2.5m in modern machinery.

But yesterday Mr Matsushita made it clear the company is still uncertain whether the Welsh subsidiary can become its major production centre for television sets in Europe.

He echoed some of the conciliatory themes of Mr Zenko Suzuki, the Japanese Prime Minister, who in a speech in London on Wednesday stressed the need to improve trade rela*tions with the EEC.* However, when it came to the practicalities, Mr Matsushita's tone was extremely tough.

"We would like to increase production capacity and to enlarge our factory in the UK but if it is not internationally competitive it would necessarily follow that we could not invest further," he said.

"Even if I had the will to expand *our investment* in the UK operation twice or three times in the next year, if there is not the capability to absorb this investment on the part of our UK operation, it is quite evident we could not make future investments in manufacturing."

He added: "Therefore to support future investment we would like to have a better foundation to support such investment in the UK."

Wool industry votes to end support for research association

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S WOOL textile industry has voted by a relatively narrow margin to stop paying a statutory levy to its research association Wira in a ballot arranged by the Department of Industry.

The vote which showed 58 per cent in favour of withdrawal, will be followed by a period of consultation between the department and the Confederation of British Wool Textiles and the main unions.

Meanwhile, ballot papers are about to be sent out for a vote on whether the industry should continue to support by levy the National Wool Textile Export Corporation, the only UK export promotion body funded in this way.

The votes form part of the review, instituted by Sir Keith Joseph, of a variety of bodies supported by compulsory levies. These include the training boards. In the research association sector other votes have already gone against the Hosiery and Allied Trades Research Association (Hatra) and the Furniture Industry Research Association (Fira), leaving only cutlery and cast iron with statutorily supported levies.

With the Wira result yet to be officially announced, the Leeds-based body is so far declining to comment but the decision will nevertheless be a major disappointment.

In the last annual report, Mr Roy Stroud, the chairman at the time, said withdrawal would have a disastrous affect on the industry's image. It would indicate a backward looking approach and "throw away the benefit of more than 60 years work and knowledge."

The association, which has recently moved into smaller headquarters, has nevertheless been reducing its dependence on the levy over each year. Last year it accounted for only 25 per cent of its income of £1.7m, compared with 35 per cent in 1976.

The biggest single source of funds is now fee-paying services developed over recent years and tailored to the needs of the clothing and carpet as well as the wool textile industry.

Although decisions have yet to be taken, the industry's vote can be expected to pave the way for further development of these services and possibly to marketing Wira expertise overseas.

The levy payers have hitherto been reluctant to allow overseas organisations to use Wira because of the potential competition to the UK industry. The Shirley Institute in Manchester, with which Wira came close to merging in 1977, lost its levy from the cotton sector some years ago and has since developed as a *general* industrial research body selling its expertise internationally.

The Nottingham based Hatra, where the levy is due to run out next year, has already cut staff by about 25 per cent and is seeking to build up rapidly its previously very small fee income.

The association has been receiving about £250,000 a year in levy — around half its total income, with most of the rest coming from the Garment and Allied Requirements Board, the Government's textile funding arm.

The industry's decision to scrap the levy came in for strong criticism last week at the annual conference of the Hosiery Workers' union. Mr Harold Gibson, union president, described the decision as short-sighted and said if changes had been needed the levy-paying paying companies could have demanded them.

The Wool Textile Export Corporation *raised* some £370,000 from its levy last year and it is believed it may win continued support from the industry. A committee set up by the central trade body, the Confederation *of British Wool Textiles,* has recommended the levy should continue.

The corporation is responsible for promoting wool textiles in a number of impor*tant markets.* *Exports* now account for 40 per cent of the industry's sales and were worth more than £400m last year.

Government tries out automated offices

By Jason Crisp

THE DEPARTMENT of Industry has commissioned eight electronics and computer companies to set up working office automation projects in government organisations.

The companies range from *IBM to Data Recall, a small* British word processor manufacturer. The other companies are ICL, the UK's largest computer company, Plessey, GEC, Rank Xerox, Office Technology and Nexos, *a subsidiary of the National* Enterprise Board.

The prototype systems are to be put in eight public sector organisations including British Rail, the Department of Industry, the National Economic Development Office and a large local authority, as yet unnamed.

The scheme will cost £2m—£250,000 for each project—and is to be run as a "club" with the users exchanging experiences and ideas.

Mr Kenneth Baker, Industry Minister with responsibility for information technology, said: "These will not be showplaces but working offices."

Sinclair's books move

MR CLIVE SINCLAIR, chairman of Sinclair Research, the *electronics company,* and Mr Patrick Browne, a Cambridge bookseller, have formed a publishing company called Sinclair Browne.

Sinclair Browne expects to publish 20 books a year, mainly non-fiction "of contemporary political and social interest," and some fiction. It is seeking a representation and distribution deal with a leading publisher. The company also plans a book club specialising in translated works.

Sinclair Research is to sponsor a £5,000 annual prize for a novel of social and political significance. The *prize, to start next year, will* be administered by the National Book League.

Men and Matters, Page 20

New Baltic chairman

MR PETER HARDING, senior partner of J. E. Hyde, the shipbrokers, is the new chairman of the Baltic Exchange, the international shipping market.

He took office yesterday on the retirement of Mr Donald Donaldson, who joined the exchange in 1948 and had been chairman for two years.

120 Heron jobs go

closing its sales and services organisation in Liverpool with the loss of 120 jobs. The closure, part of a rationalisa*tion of BL dealers on* Merseyside, was blamed on the recession in the motor industry.

Takeover referred

A TAKEOVER BID by Express Newspapers for South Wales Argus Holdings, which owns the South Wales Argus evening newspaper in Newport, Gwent, and two *weekly papers in the area,* has been referred to the Monopolies Commission by Mr John Biffen, the Trade Secretary. The South Wales Argus has a circulation of more than 25,000 copies per day, which makes a *reference obligatory.*

Norwegian pipeline decision political, says British Gas

BY SUE CAMERON

THE BRITISH Gas Corporation yesterday accused Norway of deciding to pipe the gas from its North Sea Statfjord Field to the Continent and not Britain for political rather than economic reasons.

Earlier this month the Norwegian Parliament finally dashed *British Gas* hopes of buying Statfjord gas when it formally approved the building of a £2.7bn offshore pipeline that will run to Emden on the German coast. Once the gas is landed at Emden it will be sold to a consortium of continental companies.

Yesterday British Gas insisted it had offered Norway a better deal than the competing group of German, French, Dutch and Belgian companies. The corporation said it was disappointed at Norway's action and claimed: "This was evidently a political rather than an economic decision."

British Gas is believed to have offered Norway $0.75 per million British thermal units—reported to be the highest bid it has ever made. The Continental consortium is thought to have offered £5.50 per million btus.

British Gas said its offer had applied to gas at the Statfjord wellhead and it would have borne the cost of transporting the gas to Britain via the planned £1.7bn North Sea gas gathering system.

The Continental offer, the corporation *said,* was *for* gas delivered to Emden "leaving the cost and risk of building a pipeline system to be borne by the Statfjord producer companies."

British Gas claimed that as the producer companies were led by Statoil, the Norwegian state-owned oil group, "this risk will fall indirectly on the Norwegian taxpayer."

Norway's pipeline plans involve crossing the deep trench that cuts into the seabed along the Norwegian coast. Experts agree it is technically feasible *to send a pipeline* across the trench, but they also agree it will involve the very latest technology and will be extremely costly.

The Norwegian project will mean landing the Statfjord gas in Norway where some of the gas liquids will be stripped out and used as raw materials for making petrochemicals. The natural methane gas—used to heat homes, offices and power *plants*—will then be sent back across the trench to Emden.

British Gas refused to give details of its allegations that Norway's decisions on Statfjord gas sales had been based on politics. But Norway has an election in September and there appear to be powerful lobbies demanding that the Statfjord gas should be landed in Norway—and not sent directly to a foreign shore.

The Statfjord Field, with its huge reserves of gas, lies mainly on the Norwegian side of the median line that divides Norwegian and UK waters in the North Sea.

The Norwegian Government *has its reserves at 48bn* cubic metres although the licensee companies on the field put reserves at 52.6bn cubic metres. Norway is thought to have proposed selling about 4bn cubic metres a year of this Statfjord gas.

Hoechst leads chemical sales league table

BY SUE CAMERON

WEST GERMAN based Hoechst has beaten its main rivals — including UK-based Imperial Chemical Industries — for the top place in a sales league table of major chemical companies published by Chemical Insight, a leading newsletter for the industry.

In its latest edition, published today, the newsletter says preliminary analysis shows Hoechst had sales of $14.11bn in 1980 — slightly more than the two other West German-based chemical giants, BASF and Bayer, which rank second and third respectively.

ICI, with sales of $13.68bn, is ranked fourth — an improvement on last year when it was fifth behind the U.S.-based Du Pont.

Chemical Insight, which looks at various aspects of company performance and not just sales, notes that ICI's sizeable job cuts are beginning to pay dividends in terms of sales per employee.

ICI, which last year reduced its workforce by about 6,000, has risen from twelfth place in the sales-per-employee ratings for 1979 to ninth place in the 1980 table. In 1972, when the tables were first published, ICI came bottom of the 21 leading chemical companies for sales-per-employee.

The newsletter, which is *written* by Mr Mike Hyde, suggests "the time has now come to reconsider an idea first floated in the 1960s for the creation of another UK chemical company comparable in size to ICI."

It says ICI would benefit from having a UK competitor of its own weight and points out that the three major West German chemical companies almost certainly perform better because of the rivalry between them.

Mr Hyde says the "prime candidate" to rival ICI in the UK is BP Chemicals, which is already Britain's second largest chemical concern, although in *1980 it had sales of only $3.4bn*—roughly a quarter of those of ICI.

Upturn in building orders has not been sustained

BY ANDREW TAYLOR

THE MODEST improvement in the level of construction orders compared with recent months has come to a halt, according to the latest figures published by the Department of the Environment.

The statistics, published monthly, measure order levels over a three-month period compared with the previous quarter and with the same period a year ago. In the three months to the end of April orders were 9 per cent *lower* than in the preceding three months and 12 per cent lower than a year ago.

Figures published earlier this year, for February and March, had shown a slight rise in order levels over the short term—although orders were still down on a year ago. It had been hoped this might mean the deep recession in the construction industry was approaching bottom.

However, figures for the beginning of 1981 were distorted by the placing of major contracts for the Torness and Heysham power stations. In December and January orders worth £180m and £150m were placed for the two new nuclear power *stations. Nevertheless,* the rate of decline in the construction industry has slowed compared with the third and fourth quarters of last year.

The worst affected sector remains public housing. Although orders in the three months to the end of April were 22 per cent higher compared with the previous quarter—due to cyclical nature of the timing of local authority contracts—*they were still 40 per cent lower* than in the same period a year ago.

In the private sector housing orders were 10 per cent higher than in the previous three months but 9 per cent lower than a year ago.

Public works orders received by contractors were 33 per cent lower than in the previous three months and 13 per cent down on a year ago. On the same basis, private industrial orders were 11 per cent and 30 per cent lower.

The only area to show any significant improvement was private commercial work where orders were 17 per cent and 13 per cent higher respectively.

Council budgets 'stretched to limit'

By Robin Pauley

MOST metropolitan councils in England will not cut their 1981-1982 expenditure plans to meet government targets because of the impact it would have on jobs, education and social services, Mr Jack Smart, leader of the Association of Metropolitan Authorities, said yesterday.

English councils have been asked by *Mr Michael Heseltine,* Environment Secretary, to review their spending plans and submit revised budgets by the end of July. They have been given a target for expenditure 5.6 per cent below the actual expenditure of *1978-79. Councils* collectively are £800m over this target at the moment and face penalties of up to £450m in withheld grant.

Mr Smart confirmed yesterday that leaders of most councils would put the same figures into the revised budget forms as were in the first forms.

He urged the Government to pull back from the brink while it still has the chance, to avoid destroying local democracy, services and social justice.

Metropolitan councils can cut no further, he said. To do so would mean the loss of 150,000 jobs, cutting education, social services, facilities for the old, *sick and young.* There would be a danger of creating second class services for those who could not afford to pay for private education or private care.

There would also be a danger of worsening *social tensions* and the sense of injustice already felt by the young unemployed and minority groups in the inner cities, Mr Smart went on.

"Do we really need to repeat the danger of the Secretary of State's threat to local democracy, the grave danger he is in of leaving himself with no alternative but to perpetuate an act of vandalism against our *constitution?" he said referring* to expected government legislation in the autumn to limit councils' autonomy over rate rises.

Sir Godfrey Taylor, leader of the Conservative minority group on the AMA, said a constitutional fight is certain in the autumn. He said it is essential councils do all they can to meet the Government's targets in the meantime, so they can go into *the battle with right on their* side.

He agreed that some councils have no chance of meeting their targets, which were unrealistic. But others could make some progress.

Mr Smart also warned the Government not to abolish the six metropolitan county councils and the Greater London Council without full consultation.

Mr John Gunnell, leader of *West Yorkshire* Metropolitan County Council, said any hasty destruction of the authorities immediately after their overwhelming return to Labour control would be an act of political vindictiveness.

Although the Cabinet would like to abolish the metropolitan counties and the GLC, it has ruled out any quick change and there seems little likelihood of legislation this side of a general *election.*

£80,000 for Picasso etching

A PICASSO etching of the late 1930s, La Minotauromachie, sold for £80,000 to a Spanish institution at Christie's yesterday. It is an auction record for a modern print, beating the £69,000 set by a Toulouse-Lautrec. The Picasso is one of an edition of 30 and was *sold by* the Tragopan Corporation.

Two Munch lithographs Loslosung and Mannerkopf in Frauenhaar, were bought by Uppstrom, a Norwegian dealer for £11,000 each. There were also *records* for prints by Cezanne and Rouault—£8,500 for a lithograph of Les grands Baigneurs and £7,500 for Fille au Café.

At Sotheby's a Charles II pilgrim bottle of 1663 sold to How of Edinburgh, a London dealer, for £27,000 in a silver sale which totalled £241,950 with 20 per cent bought in. Most of this percentage came from an Elizabeth I silver gilt standing-salt, bought in at £23,000.

S. J. Phillips another London dealer, paid £5,500 for a George I octafoil salver by John White. On Wednesday in New York Phillips bought a pair of George I silver hand-irons for £80,000 in a *Sothebys* auction which totalled £731,525. In 1933 William Randolph Hearst had bought the hand-irons at Christie's. Also in New York a George I silver covered jug fetched £47,500.

Bonhams sold its largest painting ever yesterday, a canvas measuring 18 feet by 11 feet, by Roderick Mackenzie. It depicts the state entry into Delhi in 1902 at the start of the Coronation Durbar. The painting had hung in a Lord Robert's workshop until the sale. It was bought by an Indian collector.

SALEROOM

BY ANTONY THORNCROFT

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Thatcher defends stand on economic policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER told the Commons yesterday that she expects the rate of inflation to continue falling in coming months and hopes there will soon be an upturn in manufacturing production.

Under pressure from Mr Michael Foot, Opposition leader, she firmly defended the decision of Wednesday's Cabinet meeting to continue with existing economic policies.

Once more she repeated her belief that a further reduction in inflation must be the Government's top priority.

She said the index of manufacturing output, published on Wednesday, had shown a welcome increase. There were scornful taunts from the Opposition when she said the run of figures in manufacturing industry showed that the position had steadied over a period of three or four months.

"One is hoping there will soon be an upturn," she added.

Mr Foot questioned her about reports that the Cabinet had agreed to the rail electrification programme which he saw as one of the best bits of news to come from the present Government. But he was alarmed at suggestions that the Cabinet had accepted the figure of 3m unemployed as the price of adhering to the Government's economic strategy.

According to the Prime Minister, however, the newspaper reports on rail electrification were "all over the place." She advised Mr Foot to await the Government statement which would be made to the House. But it would not be coming this week.

The Government, she said, would take all possible steps to get unemployment down. But in common with other countries it believed that this could only be done by first getting inflation down.

Returning to the attack, Mr Foot wondered when inflation would sink to the level it was at before the Government had started putting it up.

The Prime Minister retorted: "The best policies to secure a reduction in inflation are those being pursued by the Chancellor of the Exchequer."

She agreed with the OECD communique which reaffirmed that a reduction in inflation and inflationary expectations would be indispensable to reducing unemployment and getting sustained economic growth.

She maintained that the Government's overall performance on inflation is vastly superior to that of the last Labour Government.

Mrs Thatcher accused Labour backbenchers of wanting to pile inflation on inflation. If we pursued that policy it would hit our export trade. We must get inflation down if we were to get overseas orders "and that means we must continue to pursue this Government's policies."

She agreed with Tory backbenchers that the total cost of Government administration was now £8bn a year and said this showed that efforts must continue to cut waste and inefficiency.

Mr John Townend (C., Bridlington) suggested that a major problem facing the Government was the escalating cost to the nation of nationalised industries. They had given wage awards ahead of those in the private sector, paying for them out of increased subsidies, increased prices and reductions in capital expenditure.

The Prime Minister agreed with him and said that wage awards in the monopoly nationalised industries tended to be above the others. This demonstrated that monopoly was not serving the British public well.

"Those monopoly industries are an inheritance of socialism and it explains our efforts to try to privatise them as soon as possible," she added.

Thatcher: reduction in inflation must be top priority

Construction unions' strike plan threatens civil and defence sites

BY NICK GARNETT, LABOUR STAFF

A SERIES of civil engineering and building projects, including defence sites, is likely to be hit by strikes from June 29, unless the construction industry pay deadlock is broken.

A special conference of regional and national officials in three of the four construction unions agreed yesterday that action would start on that date, though there were warnings of earlier stoppages at some locations.

Regional action committees have selected projects to act against. These include the Drax B, Heysham and Lerwick B power stations, the Thames Barrier and the Sullom Voe oil terminal.

Defence sites which would be affected include Lakenheath, East Anglia, and Conningborough, Lincs. Regional officials also warned yesterday that preparatory construction work on Cruise missile sites could be affected.

The Ministry of Defence said yesterday however that construction work had not begun on these sites. On one of the Cruise sites, Greenham Common, Berks, only clearance work had begun.

Regional action committees and local shop stewards also propose to act against several smaller, private construction projects.

The National Federation of Building Trades Employers, one of the two employers' organisations in the dispute has exhorted member-companies not to improve on the national offer in any local wage discussions.

Mr George Henderson, Transport and General Workers Union national secretary for construction, said yesterday however that the unions were on the point of securing site- and company-deals higher than the national offer.

The Union of Construction, Allied Trades and Technicians, the one union of the four which has accepted the offer of 6.2 per cent on minimum rates, has tried to arrange a further national pay meeting.

The other three unions are prepared to agree to this if the meeting would produce a better offer. This prospect appears feint after a speech yesterday by Mr Alan Ure, the federation's president.

He said: "If the employers were to go beyond their existing offer there will be one certain result—many more construction union members and other workers in, or associated with, our industry, will be out of a job in the next 12 months.

"I believe, and am supported in my belief by the membership of this federation, that there is an overwhelming case for the employers to stand firm on our present offer."

The recession has constrained the industry's ability to pay a substantial wage increase, he said. An excessive pay settlement would damage the industry's case for a relaxation of the Public Sector Borrowing Requirement and would create more unemployment.

Move to give textile industry more protection

BY MARGARET VAN HATTEM, LOBBY STAFF

THE GOVERNMENT will seek to increase protection for the textile and carpet industry during the coming round of international textile trading talks, and will press the EEC Commission to get tough with Mediterranean exporters of cheap textiles.

Mr John Biffen, the Trade Secretary, told the Commons yesterday that the negotiations for a new Multi-Fibre Arrangement (MFA) could not be isolted from the various preferential arrangements which expire at the end of this year between the EEC and certain Mediterranean low cost producers.

The Community had to ensure that arrangements made within the new MFA, due to come into effect in 1983, were not undermined by a failure to reach satisfactory arrangements on these others.

Outlining the government's priorities in negotiations both within the MFA and preferential arrangements outside it, Mr Biffen called for:

- a fax in the 6 per cent growth rate permitted for MFA quotas
- greater differentiations between suppliers to discriminate in favour of the poorest countries and against those with "unrealistic high protective tariffs against our exports
- an improvement in the "aspect extractor system"—the mechanism for introducing quotas if exports rise beyond certain trigger points.
- a clause to enable EEC countries to cut back their exports in keeping with the recession.
- national quotas, rather than quotas at EEC level.

Mr Biffin said the British textile industry, which provided 10 per cent of all jobs in manufacturing, was still in serious trouble despite prolonged restructuring and modernisation.

The Government felt that the high protection provided by the MFA had to be continued and reinforced. In particular it felt that full attention to quotas at national level was essential to give the industry some certainty about access levels to the UK market.

It laid equal stress on its ability to safeguard these national quotas against the EEC rules on pre-circulation of goods, to protect the market from goods imported into other member states.

Mr John Smith, the Shadow Trade Secretary, expressed broad support for the Government decision. The industry was in a catastrophic condition and might disappear if it were allowed to decline any further.

In negotiations on the MFA, the Government had to ensure that the decline was halted and that morale was boosted among potential investors and workers.

Mr Smith supported the Government's attitude to Mediterranean suppliers, saying the preferential arrangements they enjoyed had almost subverted the MFA in recent years. These countries were reasonably prosperous, and did not need the same degree of preference as the poorer African, Caribbean and Pacific countries included in the Lomé convention.

He also attacked Taiwan for its restrictive trading policies and its lenient attitude to the counterfeit and fraud practised by manufacturers who marked their goods with European trademarks.

Workers' co-operative prompts cries of outrage

By John Hunt

THE TOURISTS who flock into the public gallery at this time of the year must have been utterly bewildered by the peculiar spectacle offered to them yesterday.

Cries of outrage floated up from the floor of the House at the announcement of an experiment in a new type of workers' co-operative. But what was this? All the anger seemed to be coming from the Labour side of the House while a succession of Tory backbenchers rose to heap praise on the Government for an adventurous proposal.

Mr Norman Fowler, the Transport Secretary — who now rates as the slickest and most nimble-witted member on the Government front bench — had just explained that a group of senior managers at the National Freight Company want to form a consortium with the employees to purchase the company with the help of outside finance.

According to Mr Fowler this was an "imaginative and exciting proposal"

One can only imagine the scenes in the public gallery as dad attempted to explain the mysterious workings of democracy to his schoolboy son.

Son: "Why is that man on the Labour front bench getting so angry? He seemed such a nice, quiet sort of gentleman."

Dad: "That is Mr Albert Booth, Labour's transport spokesman, and he's angry because the Government is welcoming a workers' co-operative."

Son: "But I thought the Labour Party was in favour of workers' co-operatives."

Dad: "Em. yes. But this one is being proposed by the managers and the Labour Party doesn't seem to look upon them as workers. What's more, the managers are trying to bring in money from the wicked capitalists."

Son: "But didn't Mr Wedgwood Benn give his backing to a workers' motorcycle co-operative at Meriden and isn't he the leading Left-winger?"

Dad: "Yes, but that was established by the shopfloor workers and it lost money."

Son: "Does that mean that the Labour Party are only in favour of co-operatives that lose money?"

Dad (angrily): "Oh shut up, that's enough of your questions."

No doubt their bewilderment grew as Mr Fowler said that the railway unions favoured the scheme and Mr Gerry Neale (C. North Cornwall) said that he and his colleagues were delighted with the announcement which was entirely in accord with the Conservative manifesto.

Eventually the couple slip off to visit the zoo with the words of Mr Booth droning in their ears: "My friends and I are totally opposed to the sale of yet another well managed, profitable public service into the private sector . . ."

Print industry backs closed shop

BY CHRISTIAN TYLER, LABOUR EDITOR

A REARGUARD ACTION against legislative curbs on trade unions is being conducted by employers in the printing industry — one of the few areas where the pre-entry closed shop is in force.

The British Printing Industries Federation, which represents 3,000 companies in the general trade, has told Mr James Prior, Employment Secretary, that it supports the closed shop.

It has also swum against the general tide of employer opinion by saying that significant revision of the Employment Act, 1980, "would not be feasible or wise" within the life of this Government.

As the consultation period for the Government's Green Paper on trade union immunities draws to a close, Mr Prior is being urged to act more strongly against the closed shop and union-only labour contracts, and to give statutory backing to secret balloting and industrial relations procedure agreements.

But the BPIF, arguing that the closed shop has not hurt the printing industry's industrial relations, propose only minor amendments to safeguard individual rights, and largely-voluntary measures to combat the print unions' refusal to touch work from non-union sources.

The federation's submission is in sharp contrast to that of the Institute of Directors, which yesterday confirmed its role as the leading opponent of the "softly, softly" approach in its own detailed comments on the Green Paper.

The institute is asking for a change in the status of unions and employer bodies which would make them legally liable for the actions of their members. Trade unionists should also lose their immunity from civil suits for damages if procedure agreements are broken.

"Secondary" industrial action should be lawful only if it followed a secret ballot of the workers involved, it adds.

It calls for a clear right for the reinstatement to their jobs of workers who are adjudged to be unfairly dismissed for refusing to join a union in a closed shop. "Highly punitive" compensation should be paid if reinstatement is not made.

The Government should "buy out" the right to strike of workers in essential services like gas, electricity and water supply, the institute goes on.

A milder set of prescriptions is favoured by personnel managers, however, according to a survey of over 400 managers by a new magazine, Personnel Executive. The survey says most managers think Mr Prior's approach so far has been right, but over 80 per cent want compulsory secret ballots before strikes are launched. Nearly 70 per cent say the closed shop is "wrong in principle."

Keep out of SDP affairs, Steel told

By Margaret van Hattem, Lobby Staff

DR DAVID OWEN yesterday warned Mr David Steel, the Liberal leader, to stop interfering in the Social Democratic Party's affairs, particularly in relation to its leadership.

Speaking on The Pursuit of Power, the BBC television programme, Dr Owen defended the party's decision to have a collective leadership rather than a single leader.

"We've heard him endlessly on about this," Dr Owen said. "It's nothing to do with him whom we have as leader. He'd better get used to the fact that we have a collective leadership."

Dr Owen welcomed the fact that the Warrington by-election had driven the Social Democrats into an early electoral arrangement with the Liberals. "It is absolute folly, to fight each other," he said.

But he warned the Liberals that they would have to share seats with the Social Democrats in the South, where both parties would do well, and to stand aside in Labour-held regions. He pointed out that the Liberals had come second in only two Labour-held seats at the last election.

They had cut into the Labour party "interestingly" in Merseyside, and might do so in other areas, "but the real breakthrough in British politics will come if the Social Democrats can cut into Labour seats and do well in the south"; he said.

Dr Owen refrained from criticising Mrs Shirley Williams for her decision not to contest the Warrington by-election, though he insisted that given the choice, he would have stood. It would be wrong not to fight the by-election at a time when the new party's momentum was sagging, he added.

He rejected suggestions that a win in Warrington would make Mr Roy Jenkins the undisputed leader of the SDP or that a low vote would destroy the new party.

"I do not think we should build too much on Warrington." he said, but he conceded that a disappointing result would force the party to reassess its prospects. ...

Dr Owen also attacked Labour Party members on the right of the party — including Mr Denis Healey, Mr Roy Hattersley and Mr Peter Shore. He said they lacked the spirit to take on the Left. "They are still pussyfooting around," he said.

"Now the issue has really come down to a fight, purely on personality terms, against Tony Benn. But they are not really taking him up on the issues: there are not challenging.

"You see, the trouble is that they tie themselves to Michael Foot, but Michael Foot agrees with Tony Benn on unilateralism, on the EEC, on nationalisation, and he wants to ditch the House of Lords."

'Vote for Benn' advert could lead to call for rules change

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

SUPPORTERS OF Mr Tony Benn have sparked a new row in the Labour Party in their bid to get him elected as deputy Leader. They have spent £610 on a full page advertisement in Labour Weekly urging party members to vote for him, and calling for cash donations to finance his campaign.

The advertisement, signed by 371 of his supporters, sets a precedent in the Labour Party's internal fighting, and yesterday there were already signs that it could lead to demands for a change in rules governing future contests.

For Mr Michael Foot, the party leader, the advertisement is just another sign of the problems being created by Mr Benn's decision to challenge Mr Healey for the deputy leadership this year and to conduct a long drawn out highly publicised campaign.

Once this year's election is out of the way, Mr Foot may well try to get the party's National Executive to review the rules with a view to shortening the period of campaigning in future years.

He may also try to get the executive to agree to prohibit advertising in future years on the grounds that it gives an advantage to wealthier candidates.

The advertisement was organised by the Rank and File Mobilising Committee for Labour Democracy, which asked each person signing to contribute three pounds to the cost.

Last night the committee rejected suggestions that the advertisement was unfair, arguing that the other candidates were inevitably spending money on their campaigns—even if they were not buying advertising space.

The committee said that it agreed a limit on advertising expenditure might be a good idea.

Mr Benn's supporters were organising signatures for the advertisement before Mr Benn was taken ill. But it does serve to highlight the difficult his suporters may have in maintaining the momentum behind his campaign while he is out of action.

In the advertisement, the committee stresses that the election should not be a "personality contest but a test of the policy direction of the next Labour Government."

Government criticised for cutting back tax 'paid by the rich'

BY IVOR OWEN

LABOUR MPs hit out at the Government last night for providing release from capital transfer tax (CTT), which will amount to £40m in the next financial year, at a time when the tax burden on the lower paid is being increased.

Renewed demands for a wealth tax featured prominently in a succession of angry speeches from the Labour benches in the Commons standing committee which is considering the Finance Bill.

Mr Clive Soley (Lab., Hammersmith North) protested that the Government had made no attempt to justify CTT provisions cutting back the amount of tax paid by the rich being included in the same measure which, by failing to raise tax thresholds, clobbered the lower income groups.

He accused the Government of seeking to repeal CTT—introduced by the last Labour Government in place of estate duty—by easy stages.

Mr Dale Campbel-Savours (Lab., Workington) questioned the wisdom of the Labour Government's decision to switch from death duties to CTT.

The new tax, he said, had produced a lower yield than its predecessor.

Mr Campbell-Savours claimed that the Government was using the CTT section of the Bill to hand out tax concessions to its supporters.

Tory MPs laughed and jeered when he told them: "You are stealing the money from the people to pay to your selective rich friends."

Mr Ian Wrigglesworth (Social Democrat, Teesside Thornaby) led an unsuccessful attack on the section of the Bill which increases from £2,000 to £3,000 the limits up to which the sum of a person's lifetime transfers in any one tax year are exempt

He stressed the Social Democrats did not object to the principle of increasing the limit from time to time, but to the timing of this particular concession.

The Government's refusal to index personal tax allowance because of the present economic climate could not be reconciled with the decision to provide tax reliefs for the relatively wealthy.

"This is one of the principle means of avoidance of tax, by people who have this amount of capital," he said.

Mr Leon Brittan, Chief Secretary to the Treasury, recalled that the £2,000 limit resulted from an increase of £1,000 made by the last Labour Government which was justified at the time on the grounds that it would make it easier for small businesses to be passed on during the proprietor's lifetime.

IRA prisoners may still be able to win seats in Parliamentary elections

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE GOVERNMENT is going to run the risk of letting the IRA put up other prisoners in elections in Northern Ireland.

It is almost certainly not going to introduce an amendment of its own to close the loophole in the Representation of the People Bill, which will mean that, even though an IRA prisoner in the North of Ireland could not stand as a candidate in an election to Westminster, a prisoner held in the South could.

Some Tory backbenchers may, however, try to amend the Bill as it goes through parliament in an attempt to prevent the IRA staging another propaganda stunt.

The Bill, which will be debated next week, was specifically introduced to prevent the IRA putting up another hunger striker in the by-election for the seat of Fermanagh and South Tyrone, which became vacant because of the death on hunger strike in May of the IRA terrorist Bobby Sands.

As now drafted, the legislation will prevent certain categories of prisoners within British jails from being nominated as parliamentary candidates.

But it would appear to leave the IRA free to put up one of their members imprisoned in the South if they so wished and there are already signs that the IRA may try to do just this when the writ is eventually moved.

Ministers are aware of this possibility which could prove highly embarrassing. But they decided that they could not introduce a more wide ranging change in the electoral law in a rushed Bill of this kind.

The argument is that a change of the kind necessary to stop a prisoner in the south standing would have to be preceded by a full scale Speaker's Conference. As it is, the Opposition has disappointed the Government by saying that it is not prepared to support the Bill, though some Labour MPs may vote for it.

Parliament next week

COMMONS

Monday: Representation of the People Bill, second reading.

Tuesday: Royal Air Force debate.

Wednesday: Unemployment debate; Road Traffic (Car-Sharing Arrangements) (Northern Ireland) Order.

Thursday: Fisheries Bill (Lords Amendments): Representation of the People Bill, remaining stages

Friday: Debate on film censorship.

LORDS

Monday: Trustee Savings Banks Bill, Second Reading; British Nationality Bill, second reading.

Tuesday: New Towns Bill, second reading: Acquisition of Land Bill, second reading: Licensing Alcohol Education and Research Bill, committee; Atomic Energy (Miscellaneous Provisions) Bill, second reading: Education Bill, second reading, debate on higher and further education.

Thursday: British Telecommunications Bill, third reading: Education (Scotland) Bill, second reading; Shipbuilding Redundancy Payments Scheme Order; Shipbuilding Redundancy Payments Scheme NI Order; Countryside Scotland Bill, report: Debate on Edinburgh Outer City by-pass Completion for Commonwealth Games in 1986.

Wages offer is final, ambulance staff told

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT yesterday warned Britain's 17,000 ambulance workers that it will stand firm in its refusal to fund any improvement on their 6 per cent pay offer, despite plans to extend national industrial action next week.

Union leaders are expected on Monday to announce they will repeat last Wednesday's 24-hour emergencies-only action, which they claimed affected 80 per cent of health authorities

Baroness Young, Health and Social Security spokesman, said in the Lords yesterday that the Whitley Council offer would lead to earnings "which are fair both to the men themselves and to the general body of taxpayers who have to find the money."

Answering a call by Lord Molloy, Labour, to bring ambulance staff's salaries in line with police and firemen, Baroness Young said the new pay offer would enable a London ambulance worker to earn £184 a week with overtime. Pay for fire and ambulance workers was very nearly the same.

Lord Molloy said the 1979 ambulance pay comparability report under Prof Hugh Clegg had recommended an all-in salary to cover weekend work in precisely the same way as it affected firemen and police. Ambulance staff are a "vital part" of Britain's emergency services, he said.

The ambulance workers want a 15 per cent rise to preserve the value of the Clegg award.

One-day protest call at Lucas

By Our Labour Editor

WHITE-COLLAR staff in Lucas Aerospace are being urged to stage a one-day protest next Friday in support of Mr Mike Cooley, a leading trade union activist dismissed from his post at the company's Willesden, north London, plant.

Talks at national level between Mr Cooley's union, the white-collar section TASS of the Amalgamated Union of Engineering Workers and the company yesterday failed to resolve the dispute.

The union is seeking a "comparable" job for Mr Cooley

Williams and Glyn's staff get 10% after arbitration

BY NICK GARNETT, LABOUR STAFF

A CLAIM from the Banking, Insurance and Finance Union (Bifu) for rises of 20 per cent on behalf of staff in grades 5 to 15 at Williams and Glyn's has been turned down in arbitration.

The arbitration award given yesterday provides rises of 10 per cent, in line with the bank's submissions and the general settlement for staff in the five leading English clearing banks.

The award covers 1,350 staff from grades just above clerical staff, for whom pay is covered by national negotiations, up to branch and senior department managers.

Mr Terry Molloy, a Bifu assistant secretary, said the majority decision had been based on the question of whether the higher grades should receive the same as staff in grades one to four, and was not in accordance with the arbiration's terms of reference.

The union is stil awaiting the results of arbitration for staff in Bankers Automated Clearing Services and the Joint Credit Card Company.

Seamen to vote on 14% rise

Financial Times Reporter

SEAMEN WORKING on North Sea supply boats are being asked to accept heir employers' latest offer, which would give a 14 per cent increase on basic pay.

After two meetings in Aberdeen, the negotiating committee of the National Union of Seamen has decided to recommend acceptance of the deal to the 800 supply boat crew who man some 70 vessels in the North Sea.

The offer, in response to an initial union claim of 25 per cent on the basic rate of £120 a week, would raise other elements of seamens' pay, and mean a 25 per cent increase for anchor handling—moving large anchors of North Sea installations. The overall increase would be 15-16 per cent.

It is expected tha balloting will take about two weeks and the new agreement, if accepted, will be operative from July 2.

Fight for steel jobs promised

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN steel union, the Iron and Steel Trades Confederation, yesterday showed growing militancy against the loss of jobs in the British Steel Corporation, and more willingness to take direct action than at any time since the steel strike 18 months ago.

Mr Bill Sirs, the union's general secretary, called on delegates at their conference in Bournemouth to refuse to work with raw steel imported by BSC to be processed in corporation mills as "second sources" to its own product.

Mr Sirs said steel "blooms," or raw steel, was being imported from Germany for the Workington strip mill and that steel coil had been imported from Belgium for Shotton.

He said "tens of thousands of tonnes" have been imported.

The corporation said it imported 100,000 tonnes a year, needed to fill gaps left by works which were out of action.

It said it would import an initial shipment of 16,000 tonnes of steel for Workington because the casting plant at Teesside would soon go out for maintenance.

Mr Sirs said: "You are going to have to stop second sourcing from overseas. You have to go back to your management and ask where they are getting their steel from. You have the power to stop it. If Mr McGregor [BSC chairman] thinks he is going to import raw steel, he has got another think coming."

However, Mr Sirs—and the delegates — stopped short of specific plans for action, though he gave a pledge that if the big steelworks of Llanwern, Port Talbot, Ravenscraig or Scunthorpe were to close, he would ask for help from the mineworkers and the railwaymen, the steelworkers' comrades in the "triple alliance."

The union has lost more than 60,000 members in the past two years and now has about 70,000 members.

Several delegates deplored the "selling of jobs" by union members for big redundancy payments.

Mr Jack Bate, a delegate from Round Oak, said: "I ask you—I plead with you—stop selling jobs which are not yours to sell. I am ashamed to meet kids in the street, because we have given away our jobs."

The union has reaffirmed its opposition to overtime working and earlier in the week toughened its stance on imports.

However, much of the debate on the steel industry reflected a feeling that closures, assisted by big redundancy payments, were inevitable.

The union has been concerned at the setting up of the joint BSC-Guest Keen and Nettlefold project, Allied Steel and Wire, and at the talks—again between BSC and GKN—on the development of "Phoenix Two" engineering company. Mr Sirs said he would meet Mr Alan Cox, the managing director of Allied Steel and Wire, next week.

UK NEWS—BANK OF ENGLAND BULLETIN

Wage curbs needed to help Britain compete

Reports by Peter Riddell and David Marsh

A SUSTAINED improvement in the competitive position of British goods could in many cases require negligible wage awards for a number of years, except where wage increases come out of higher productivity, the Bank of England warns in its quarterly bulletin published yesterday.

The assessment section of the bulletin concentrates on competitiveness. It emphasises the need for a change of trend on productivity and the scale of pay rises and expresses scepticism about whether there will be lasting advantages from an adjustment of the exchange rate.

This view is against the background of a cautious analysis of the economic outlook. No forecasts are made in the bulletin but the implication is that there is a fine balance between the positive effects of a slower rate of destocking and possibly negative influences from investment and the trade balance.

The bulletin warns that, partly because of the fall in sterling, prices may continue to rise faster than in the second half of last year. No dramatic change is expected, instead it is thought that while the 12-month rate should dip below its present level of 12 per cent in the next few months, it could pick-up a little later in the year.

The assessment highlights the rise of almost 40 per cent in UK labour costs in the past two years, compared with an average rise of only 12 per cent in competitor countries.

"In combination with the accompanying rise in the nominal exchange rate, the real exchange rate thus rose (and competitiveness worsened) sharply—by some 20 per cent in 1979, if such a measure is to be believed, and by even more last year."

The result has been to help consumers but squeeze industry. "Weaker competitiveness has not been the only factor behind the recession; but its effects on external trade must already have been helping to reduce output last year.

"Several other countries seem to have found that they can adapt to an appreciating exchange rate; not all the loss of competitivenes needs to be reversed.

"Even partial reversal would plainly require a change in trend, either as regards productivity or the scale of pay increases or a combination of these. Output per head in this country is only two thirds that of competing countries and the loss of competitivenes could, over time, be made good by closing this gap—that is, by a growth of productivity faster than elsewhere.

"But the change which might produce larger or faster gains would be a slower growth of earnings than in competing countries.

"In many cases sustained improvement could require that for a number of years wage awards are negligible, except where wage increases come out of higher productivity.

"In this situation, adjustment of the exchange rate may appear to offer an easier solution. But competitive advantage obtained by exchange rate depreciation tends to be eroded by reason of the inflationary impulse which depreciation gives to domestic costs; only if wages fail to accelerate, despite the faster rise in retail prices, can the competitive advantage be preserved.

"The problem thus remains. The solution—both for firms, and for the economy as a whole—must be to do better than competing countries for a number of years rather than continue to do worse. The situation may be one which only firms themselves can remedy—though it is proper for them to get support in the form of a determined stand on public sector pay."

The bulletin says that already "significant progress has been made." It cites the slower rises in prices and in wages and the indications of an increase in productivity in many companies.

"Available figures for manufacturing as a whole suggest that output per man-hour, despite the depth of the recession, is starting to rise. This probably means that in the course of the past year the competitive position vis-a-vis other countries has at least ceased to deteriorate, and may already have started to improve. The probability must be that companies will continue to make great efforts to improve their competitive position."

BANK OF ENGLAND Quarterly Bulletin, June 1981, volume 21, number 2. Single copies £4 in the UK and annual subscription £15 for 1981. Details from Economics Division, Bank of England, London EC2R 8AH.

External financing risks increased

THE EXTERNAL financing risk accumulated by countries running current account deficits have increased in recent years as a result of their growing reliance on capital market debt, says an article in the Bank's bulletin.

The article says that oil exporting countries have placed only a limited amount of their surpluses since 1973 in the form of direct investment and concessionary aid.

As a result, private and official monetary movements—through the capital markets and through countries running down or adding to reserves—have become more important in financing payments imbalances.

This form of financing may be encouraging the adoption of short-term deflationary policies designed to achieve a reduction in oil deficits.

In particular, capital market debt threatens borrowing countries with debt servicing costs which may exceed the income earned on the proceeds of the borrowing.

Such uncertainty is a particular problem for borrowers whose debt is contracted at floating or variable interest rates during inflationary periods.

The article says that the widespread use of floating interest rates on the international capital markets has led to nominal interest rates on debtor countries' borrowings rising in line with inflation.

This offsets the impact that inflation would otherwise have in reducing the real value of countries' debt.

Higher nominal interest rates amount to an early repayment of the capital stock of debts. This shortening of the real maturity structure of international financial assets and liabilities raises debtor countries' gross borrowing requirements and exacerbates a mismatch between the maturity of debt and the gestation period of any investment it may be financing.

In a section assessing the impact of inflation on worldwide current account imbalances, the article says the inflation-adjusted current account surplus of the oil exporting countries last year was about 20 per cent fewer than in 1974.

Few signs of sustained recovery

THE WORST of the fall in output in the UK may be over, but there are few signs of any sustained recovery, the Bank of England argues in the quarterly bulletin.

The commentary section of the bulletin notes that demand is generally weak. Manufacturing industry's stocks are still falling and industrial investment is declining.

Consumer spending — which rose by 1½ per cent in the first quarter of this year—will probably not be sustained unless personal savings are run down.

In the first quarter, personal disposable income probably fell so spending was sustained by a sharp decline in the personal savings ratio from more than 16 per cent to around 14 per cent.

Real incomes are now likely to come under further pressure. Average earnings are no longer rising faster than retail prices, even without the increase in indirect taxes announced in the Budget. Falling employment, increased national insurance contributions, and growing payments of income tax arising from the Budget decision not to raise tax allowances and threshold will tend to diminish disposable income.

PRODUCTIVITY IN MANUFACTURING INDUSTRY (Percentage changes)

	1979 average-1981 Q1	1980 Q1-1981 Q1
In the UK:		
Manufacturing production	−17½	−13½
Number employed	−13	−10½
Average hours worked	− 5½	− 5½
Output per man-hour	+ 0½	+ 2¼
In other major industrial countries†:		
Manufacturing production	+ 0½	− 2
Number employed	− 2	− 1½
Average hours worked	− 0½	− 0½
Output per man-hour	+ 2½	—

† U.S., Canada, Japan, France, Italy, West Germany.

The bulletin also notes the recent sharp rise in share prices and discusses its influence on spending decisions.

A rise in share prices "cuts somewhat the cost of new finance to companies. Although the effect may be more significant in individual cases, the average reduction in the present real cost of finance brought about by the recent increase in share prices—some ½ a percentage point—would leave the cost of finance, at about 4 per cent, well above the estimated real rate of profit in the second half of last year."

"Nevertheless, interest in making rights issues has been growing and some of the proceeds may be used to increase company spending in the UK. Finally—though there is little evidence of such an effect in this country—a rise in share prices adds to the wealth of people who hold equities, directly or through financial intermediaries, and might, in principle, lead them to spend more."

The bulletin notes signs of improvement in UK productivity and cost competitiveness, notably the rise of about 2¼ per cent in output per man hour in manufacturing in the year to the first quarter of this year. This is better than in most other major industrial countries in the period, despite the greater depth of the UK recession.

"Moreover, in the last six months average earnings have probably risen no faster in UK manufacturing industry than abroad—about 10 per cent at an annual rate in each case — in stark contrast to earlier experience. With sterling having fallen in effective terms (by 7 per cent between December and early June), UK cost competitiveness has probably improved to some extent.

On the industrial side, the Bank says that in spite of the squeeze on profits, a severe pruning of stocks and of capital investment have led to some improvement in the financial position of industrial and commercial companies with a virtual elimination of their deficit by the end of 1980.

The bulletin also discusses the sharp rise in real (inflation adjusted) interest rates abroad. In the U.S. this has been in pursuit of monetary control, elsewhere it has been partly in response to exchange rate pressures. The UK stand in sharp contrast, and by international standards is no longer a high interest rate country. These developments have probably contributed to the recent fall in sterling.

The discussion of monetary policy notes the recent more rapid rise in lending to the personal sectors.

Industry's profitability hits lowest level

THE REAL profitability of British industry fell to a record low last year, the Bank of England estimate in a special article in the bulletin.

The pre-tax real rate of return on trading assets fell to just under 3 per cent last year from 4½ per cent in 1979.

This return is defined as gross trading profits, plus rent, net of stock appreciation and capital consumption at replacement cost, as a percentage of capital employed at replacement cost. The figures cover industrial and commercial companies excluding their North Sea activities.

After a gentle decline in the 1960s and early 1970s from between 11 and 12 per cent down to around 9 per cent, the pre-tax real rate of return fell sharply in 1974-76 to 5¼ per cent as capacity utilisation fell and inflation accelerated. The easing of cost pressures during 197[illegible] and 1978 allowed some modest recovery to 6¼ per cent.

But in 1979 real profitability began to fall again as costs accelerated and the appreciation of sterling affected output and the ability of companies to pass on cost increases in higher prices. As the economy moved into deep recession in 1980 and competitiveness declined further, real profitability continued to deteriorate, falling below 2½ per cent by the end of the year.

The article also discusses the valuation ratio. This is the ratio of the average rate of return on existing trading assets to the cost of capital (both expressed in post-tax real terms). This ratio fell back last year though was still higher than in 1974. Nevertheless, at its level now, this ratio represents only a very weak inducement to invest which is consistent with the fall in industrial investment forecast for this year in intentions surveys.

The other special articles focus on:

- The latest in an annual series on the net UK external assets and liabilities. These show that at the end of 1980 the UK had a net external asset position of some £14.8bn compared with £11.2bn a year earlier (a revision upwards from £4.3bn on previous estimates). The change in the net position principally reflects the surplus on the current account of the balance of payments of £2.7bn though the figures were also affected by the rise in sterling and movements in the market prices of portfolio investment abroad.
- The seasonal adjustment of money. An article describes some of the more significant methodological changes — for instance covering central Government borrowing, petroleum, revenue tax and bank lending.
- Real national savings and its sectoral composition. A note presents revised and updated estimates of sectoral saving and financial balances adjusted for the effects of price inflation on monetary assets and liabilities.

UK NET EXTERNAL ASSETS (+)/LIABILITIES (−); SUMMARY (£bn)

End-years	1977	1978	1979	1980
Investment	+ 7.1	+ 9.4	+12.2	+15.2
Banking and other commercial	− 0.3	+ 1.0	− 2.1	− 1.9
Net external position of the private sector	+ 6.8	+10.4	+10.1	+13.3
Public sector (excluding reserves and other official financing items)	− 5.7	− 4.8	− 5.5	− 6.8
Reserves and other official financing items	+ 1.1	+ 2.4	+ 6.6	+ 8.3
Net external position of the public sector	− 4.6	− 2.4	+ 1.1	+ 1.5
Total net external position of the UK	+ 2.2	+ 8.0	+11.2	+14.8
(As shown in June 1980)	(− 1.4)	(+ 2.5)	(+ 4.3)	

Change of tactics in markets

CHANGES in the Bank of England's operations in the money markets are discussed in detail in the financial review section of the bulletin.

The main developments in the last few months have been:

- From the end of February, on days when it seemed the cash shortage might be too great to be relieved by outright purchases of bills, the Bank renewed the practice used extensively between 1978 and 1980 of offering to buy eligible bills from the discount houses for resale at specified future dates.
- From the end of March the Bank abandoned the practice of quoting prices at which it would buy or sell bills. (Since January the Bank had quoted prices only for bills of under one month to maturity.) The Bank thus became free over the whole range of maturities to choose which offers it would accept if any.
- Finally, from early May the Bank allowed the discount houses to increase their maximum holdings of undefined assets from 20 to 25 times their capital and reserves—and thus to raise their potential holdings of eligible bank bills which the Bank could buy if necessary.

Oil exporters widen spread of reserves

OIL EXPORTING countries last year appear to have lengthened the maturity of their investments in the West, the Bank says in a section of the deployment of oil surpluses.

The oil states also widened the regional spread of their reserve holdings. Out of total identified placements, the proportion deposited in the U.S. and Britain fell to 37 per cent from 40 per cent and the share of other industrialised countries rose to nearly 50 per cent from 45 per cent.

Loans to developing countries however fell to only 8 per cent of identified investments from 16 per cent in 1979.

The Bank estimates the current account surplus of the oil exporters rose last year to $106bn from $66bn in 1979. The surplus fell to $44bn in the second half from $62bn in the first six months, and was estimated at $22bn in the first quarter this year.

After making allowance for net asset transfers like changes in credit for oil exports, the Bank puts the total net cash surplus available for investment at $95bn. This was only moderately up from $71bn in 1979, when the oil states' investible surplus was boosted by additional borrowings abroad.

The oil states' internationally deployed investments identified by the Bank totalled $86.5bn last year against $60.6bn in 1979.

IDENTIFIED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES ($bn)

	1979 Year	1980 Year	1980 Q3	Q4	1981 Q1
UK:					
Sterling bank deposits	1.4	1.4	0.2	−0.1	0.3
Eurocurrency bank deposits	14.8	14.8	5.3	3.5	4.6
British government stocks	0.4	1.9	0.7	—	0.2
Treasury bills	—	−0.1	−0.2	−0.1	0.2
Other sterling placements	0.4	0.1	—	—	—
Other foreign currency placements	0.2	−0.5	—	−0.2	−0.1
	17.2	17.6	6.0	3.1	5.2
U.S.:					
Bank deposits	5.0	−1.2	−2.0	−1.0	0.3
Treasury bonds and notes	−1.1	8.3	1.6	2.2	3.0
Treasury bills	3.3	1.4	0.7	−0.2	0.1
Other portfolio investment	1.0	4.6	1.9	1.0	1.5
Other	−1.4	1.4	0.5	0.3	†
	6.8	14.5	2.7	2.3	4.9
Bank deposits in other industrialised countries	18.7	26.2	6.9	2.8	†
Other investment in other industrialised countries*	8.7	16.7	4.7	3.9	6.1
IMF and World Bank	−0.4	4.9	0.3	1.2	0.2
Loans to developing countries	9.6	6.6	1.8	0.8	0.5
Total identified deployed net cash surplus	60.6	86.5	22.4	14.1	†
Residual of unidentified items	10.4	8.5	−2.4	3.9	†

* Mainly loans and holdings of equities. † Not available.

As evidence of the lengthening maturity of placements which was particularly evident in the second half of the year, the Bank cites the increase in holdings of Treasury bonds and notes and other portfolio investments in the U.S.

The oil states' bank deposits in the U.S., on the other hand, fell last year.

It also notes that new longer term investment in countries like West Germany and Japan increased last year.

Identified oil money placements in the UK last year totalled $17.6bn, slightly higher than in 1979. Most of this represented Eurodollar deposits. The oil states increased their sterling investments in the UK by $3.3bn last year, after an increase of $2.2bn in 1979, and added a further $700m in the first quarter this year.

The Bank says that identified exchange reserves held in sterling by oil exporters rose to £2.44bn on March 31, up from £2.22bn at end 1980 and £1.21bn at end 1979.

Moreover, oil exporting countries' holdings of sterling in Euromarket centres reporting to the Bank of International Settlements rose to £1bn at end 1980 from £700m at end 1979. Eurosterling holdings of UK non-banks almost doubled last year to £1.1bn from £600m at end-1979—mostly a reaction to the removal of exchange controls in October 1979.

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APPOINTMENTS

Powell Duffryn main board post

Mr James Beveridge has been appointed a director of POWELL DUFFRYN and continues as managing director of subsidiary Hamworthy Engineering, a position he has held since 1976.

★

Mr M. P. A. Ainslie, at present director of sales, Courage Brewing, will be appointed deputy chairman and chief executive of SACCONE AND SPEED from July 1. At the same time Mr B. J. Ryan will become managing director Saccone and Speed Wholesale. Mr B. M. G. Hyde, marketing director, Saccone and Speed, leaves that company at the end of this month.

★

Mr A. D. Evans, Mr C. M. Field and Mr N. A. Thomas will be joining the partnership of MACFARLANES on July 1.

★

Mr Brian P. Frost, managing director of Press Operations, has been elected chairman of the BRITISH CONTRACT PRESSWORK ASSOCIATION for 1981/1982. Vice-chairman of the association is Mr Robin Jenks, managing director of Jenks and Cattell.

★

Mr J. W. C. Cleverley has been elected a full director of R. K. HARRISON AND COMPANY.

★

Mr Brian Johnson of Leslie and Company is the new northern regional chairman of THE CHARTERED INSTITUTE OF BUILDING.

★

Mr Brian Shields has been appointed marketing and sales director of TARMAC CONSTRUCTION HOLDINGS. He was formerly the regional director of Bovis Construction.

★

Mr John Foulkes has been appointed managing director of the WALL'S MEAT COMPANY, succeeding Mr W. Kok, who becomes chairman of the Dutch Unilever subsidiary UVG Nederland BV. Mr D. C. Owens has replaced Mr Foulkes as managing director of Mattessons Meats.

★

Mr George Clare of Axel Springer has been elected to succeed Mr Harry Shepherd as president of the UK Chapter of the INTERNATIONAL ADVERTISING ASSOCIATION. Vice president is Mr Clive Thomas of McCann Erickson. New chairmen appointed for the IAA's subcommittees are Mr Laurence Isaacson (activities), Mr Eric Burleton (membership) and Mr Tom Keefer (associates).

★

Mr E. D. Barkway, Mr H. T. Nicholson and Mr A. E. Nicholson have been appointed directors of the ANGLO-ARGENTINE TRAMWAYS COMPANY and Mr J. Collnet has resigned from the Board. Mr A. H. Farquhar continues as chairman and Mr D. R. Barrell as a director and secretary. The changes follow acquisition of the company by Energy Finance and General Trust.

★

Mr Paul Bradshaw has been appointed to the newly created post of managing director SKANDIA LIFE ASSURANCE. Mr Bradshaw, a director and actuary of the company, has relinquished his post as actuary and has been succeeded in that appointment by Mr Jeremy Goford, who is also a director and principal of Tillinghast Nelson and Warren, consultants.

★

Mr Colin Clubb, at present general manager of the Midland Red Omnibus Company, has been appointed managing director of LONDON COUNTRY BUS SERVICES from July 1. He succeeds Mr Derek Fytche, who has become director of National Bus Company's south-east region.

★

Mrs Enid Peacock (Drake and Scull Engineering) has been appointed chairman of the NATIONAL JOINT COUNCIL FOR ENVIRONMENTAL ENGINEERS AND ALLIED STAFFS. She replaces Mr. Charles Lovell who becomes the vice chairman. Mr. Alex Aird (Balfour Kilpatrick) has succeeded Mr Ted Cornford (J. H. Shouksmith and Sons) as spokesman for the employees' side of the council with Mr. Tom Rice (EESA) remaining as spokesman for the employers' side. Mr Trevor Milnm (Elequip) has become chairman of the NJC grading review and appeals committee. He replaces Mrs Peacock.

★

Mr Bryan Hebble-Thwaite has been appointed marketing director of WINGET. He joins the company from Lancer Boss.

★

Mr Philip Lewis has been appointed a director and general manager of MATTHEW HALL MINING and Mr Brian Cartwright has become a director of MATTHEW HALL NORCAIN ENGINEERING.

★

Mr W. J. Lowry, general marketing manager of the FENNER GROUP power transmission division, has been appointed marketing director, power transmission products, Dick Bearings. Mr K. Reynolds is to become marketing director, bearings products. He was marketing manager of the transmission bearings division of Ransome Hoffman Pollard. The appointments are from July 1.

★

Mr William R. Henry has been appointed chairman of SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY succeeding Mr John Spens, who remains on the board. Mr J. Raymond Johnstone, of Glasgow fund managers Murray Johnstone, has been made deputy chairman.

★

Mr Alan A. Carr, manager of the Fenchurch Street branch of Lloyds Bank, has been appointed honorary treasurer and a director of the CITY ARTS TRUST. The Trust is responsible for running the festival of the City of London which will be held from July 5-18.

—ADVERTISEMENT—

BELL CANADA APPOINTMENT

Bruce H. Tavner

Bruce H. Tavner has been appointed Vice-President (International), Bell Canada, and Chairman of the Board of Directors of Bell Canada International. He succeeds D. W. Delaney in both positions. Mr. Tavner, a professional engineer, has been with Bell Canada since 1957, and was General Manager, Network Services, Ontario Provincial, based in Toronto, prior to his new appointment.

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* 7-day deposits 9%, 1-month 9½%. Short term £8,000/12 months 11.85%.
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‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A survivor amid the training debris?

Alan Pike on the campaign to save one of the UK's industry training boards

THE SUMMER reading of Mr James Prior, Britain's Employment Secretary, will include an array of responses from employers' organisations about the future of industrial training boards.

Many of the employers' reactions to the review of training arrangements which the Government is now conducting do not add up to a unanimous vote of confidence in the 24 statutory boards. A number of employers' organisations favour the abolition of the boards, while others are prepared to support their continuation only if strict conditions about their future scope and organisation are met.

Amid these dossiers of doubt about the value of training boards Mr Prior will, however, find one alternative view shining out like a beacon light. Employers in the construction industry want the Construction Industry Training Board to survive—and are lobbying for this with a passion rarely applied to such subjects. Furthermore, some also want the statutory limit on the levy which boards can raise from industry — currently 1 per cent of payroll —to be abolished so that more money can be spent on training.

Some straightforward factors about the construction industry, like the heavy initial cost of training and the high labour turnover between employers, make it a particularly suitable candidate for centralised training arrangements. Both the industry and the training board agree, however, that these factors alone do not explain the determination to retain the board. The explanation is rooted in a severe financial crisis which engulfed the board a decade ago, and the efforts which have been made since then to rebuild in response to the needs of the industry.

Whatever decisions the Government makes about the future of statutory training boards—these are due to be announced by the autumn—Mr. Prior will be interested in the harmony which exists between employers, union leaders and training board officials in the construction industry, and is likely to be asking what lessons it offers for elsewhere.

The CITB was set up when statutory training boards were first established in 1964. It could easily have died in the early 1970s when financial problems left the Government and banks having to rescue it from debts of some £16m. Perhaps surprisingly, the construction employers decided that they wanted to preserve the board provided that they had far more influence over it. "Since then the industry has been absolutely up to its neck in the formulation of board policies," says Mr Derrick Phillips, director of training policy at the National Federation of Building Trades Employers.

On an organisational level this means that senior figures from the industry chair the five industrial committees through which the board operates. More fundamentally, it has influenced the way in which board officials regard the industry.

North Sea

"We instil into all our staff the clear view that companies in the industry are our customers," says Leslie Kemp, former Transport and General Workers Union national secretary and the very active part-time chairman of the board. "Our customers will determine whether or not the board exists. There is no point in the training board imposing its ideas on a reluctant industry. We have to respond."

Having decided to treat companies in its sector as customers —albeit customers who have a strong influence over the nature of the products—the board felt justified in adopting a sales-oriented stance.

"One of our most important decisions of recent years was that the board should have a marketing approach," says Dennis Maiden, director of training.

As a consequence, the board's training advisers are themselves trained in sales techniques, so that they are better equipped to sell the concept of training to employers. To succeed, they have to be able to sell something which employers want to buy. This means that the board must be able to predict changing patterns of training needed beyond basic apprenticeship level—like North Sea work—and meet them quickly.

One of the ways in which the board succeeds in meeting these needs is through its Bircham Newton Training Centre and Civil Engineering College in Norfolk, and at smaller centres elsewhere in the country. At Bircham Newton—a 600-acre former RAF station—the board offers 78 standard courses covering areas like scaffolding, cranes, earthmoving and bar-bending. In addition special courses are arranged in response to requests from individual companies, and Bircham Newton instructors will if necessary run in-company training away from the centre.

Although Bircham Newton—which boasts such refinements as a swimming pool built by trainees—consumes only £4m-£5m of the board's £48m annual training budget, it offers a remarkable shop window from which to launch its marketing strategy. Employers are, says Kemp, "invited along to tell us if we are doing anything wrong." In fact, most civil engineering employers would support the retention of the board on the grounds of preserving Bircham Newton alone.

Is it not possible, though, that Mr. Prior will conclude that there is so much unanimity about construction industry training that there is no longer any need for a statutory board? After all he believes that future training needs should wherever possible be met by voluntary arrangements.

Employers and union leaders remain convinced that, in spite of the industry's deep involvement in training, a statutory system remains essential. "If voluntarism means pay if you want to, it would not work," says Derek Gaulter, director general of the Federation of Civil Engineering Constructors, firmly.

There is widespread hope in the construction industry that the board will survive but it is likely to be the autumn before a Government decision is announced. Peter Morrison, one of Mr. Prior's junior ministers responsible for training, visited Bircham Newton earlier this month. He declared himself impressed with the centre but said that he could not anticipate the outcome of the Government's review.

Hugh Routledge

James Prior: swamped with dossiers of doubt

What is certain, however, is that the debate over training arrangements which the Government has initiated has already taken place in the construction industry. The result is demonstrated by the campaign to keep the board.

STC Standard Telephones and Cables Limited
Ford
BOC International
Aer Lingus
FIH Ferguson Industrial Holdings
MB Metal Box

Six of the best for employee communications

A new study attacks most UK companies for not involving their workforce enough in key policies. Arnold Kransdorff reports

MANAGEMENT IN the UK is less advanced than all the other major European countries in permitting employee involvement in company affairs, according to a new publication by the Institute of Personnel Management. Other European countries are ahead in both the degree of employee involvement in decision-making and the type of information disclosed to workers, it claims.

Most UK companies are generally at the stage of limiting employee disclosure to issues such as welfare, safety, health, working conditions and manpower utilisation.

In contrast companies in other European countries have generally progressed to the stage where employees are brought in on details of product strategy, investment decisions, longe-range planning and even into judgments involving bottom-line decisions such as margin assessment.

The IPM document, called Practical Participation and Involvement*, is the first of a series of practical guides for employers on how to communicate with employees. It contains ten case studies illustrating what it believes to be best practice in the field—including examples of manufacturing companies over a broad range of sectors—several of which are foreign-owned — a public corporation and a specific service operation within a local authority.

Confrontation

The ten cases are: Allders Department Stores; BOC-Transhield; Ferguson Industrial Holdings; Gallaher Tobacco; Guy's Health District; IBM UK; Metal Box; Standard Telephones and Cables; and Aer Lingus (in Ireland).

In terms of the degree of employee involvement within organisations, the IPM guide, prepared by a working party of the institute's national committee on employee relations, states that most UK companies are still at the stage where decisions are arrived at after confrontation — the so-called joint regulation or bargaining stage.

In contrast, companies in other European countries have generally reached the "co-determination" stage, where decisions are arrived at in a spirit of co-operation.

In a chapter on the aims of a communications programme, Howard Gibson, personnel relations manager at IBM United Kingdom—and a member of the IPM working party—says that over the past 35 years too few managements in the UK appear to have learned about the advantages of developing a common purpose among employees and fostering their involvement and commitment to its success.

Only in recent years have an increasing number of companies started to take positive initiatives, encouraged by guidance or pressure from employers' organisations such as the Confederation of British Industry, institutes such as the Industrial Society, trades unions, the Organisation for Economic Co-operation and Development and the European Economic Commission.

Referring to a 1979 survey by Warwick University of 34 unionised companies in the UK, Gibson recalls that in nearly a third of the sample neither the employees nor the recognised unions received the information published in the companies' report to shareholders. And over a range of what might be regarded as relevant information for employees (such as manpower plans, costs, future company plans and profit figures), between 30 per cent and 60 per cent of those polled were prepared to provide such information, depending on subject matter — but did not apparently see the need to do so.

Gibson offers various reasons why employers are reluctant to communicate.

In the first place, professional skills and self-confidence of managers are not always present — and therefore need developing and reinforcing. Secondly, information passed to employees may be used against the employer in bargaining situations.

Managers also reason that information given to employees could end up in the hands of competitors. Yet another reason for their reluctance is that communication of information leads to further demand for more information.

"The final reason is that when one takes a historical perspective, each generation of managers seems to need to learn anew the importance of communication before some emphasis can be put on co-operation rather than confrontation."

Many of the companies that the IPM has chosen to highlight with case studies believe that good communications were to the mutual advantage of both the employer and employee, he says. In other cases management saw the first objective of its communication policy as improving its industrial relations and influencing the collective bargaining process.

"When managements regularly provide information to employees, not only about those aspects of their job and employment which directly affect them but about the progress, prospects and developments which are being planned, they demonstrate the respect they have for those employed by the organisation. Such communication implies that those receiving it are rational and potentially involved individuals, not recalcitrant or ignorant automatons to whom the only difference between one company and another is the size of the pay cheque and the least amount of work possible."

Overall plan

Gibson says that it is evident from the case studies that to be effective, a communications programme needs to be structured, carefully planned and continuous.

The selected companies, he says, have found it as essential to plan ahead in the area of communication as it is in the areas of sales, manufacturing, research and development, personnel or finance. "They would go further and require that each of the functional plans be integrated and thus be part of one overall plan for the company for the period in question. . . ."

In an introduction to the booklet, the working party says that the Institute has prepared the series of guides (due to be published on a continuous basis) to demonstrate its belief that unless British management takes a positive initiative and pursues it with conviction, the UK's industrial and commercial decline will continue. Another reason for the guide is to provide employers with help in putting into practice policies on employee participation and involvement.

The series will eventually cover representative structures, the individual and the job, meeting educational and training needs and pay and benefits.

* *Available from Technical Press, Freeland, Oxford OX7 2AP price £10 or £45 the whole set.*

THE PROPERTY MARKET BY ANDREW TAYLOR

Futures market eyes Royal Exchange

THE ROYAL EXCHANGE, one of the City of London's most famous landmarks, is one of three buildings currently being considered as a possible home for the capital's new financial futures market due to open early next year.

The futures market's interest in the Royal Exchange has been prompted by the building's covered inner courtyard which has been closed to the public since the beginning of this year, following a partial roof collapse.

However, a move to the Royal Exchange could involve the new market in some fairly substantial construction and renovation work. Agents Richard Saunders and Partners and architects Whinney Mackay Lewis—which are advising the market steering committee—said that no final choice of building had been made, although a decision was expected shortly.

The fact that the Exchange has also been listed and is an historic monument may also have a bearing on the market's eventual decision. It would certainly want to install air-conditioning plant if it decided to take the space in the Royal Exchange.

Nevertheless the building—provided that suitable planning and financial arrangements can be made—would appear to be ideal for the new market. It would be situated next door to the Bank of England and close to the Stock Exchange while the inner courtyard would appear to meet the market's requirement for at least 6,000 sq ft of uninterrupted floor space.

The original Royal Exchange was built in 1556 by Sir Thomas Gresham but was destroyed in the Great Fire of London. The present building was completed in 1844 and is jointly owned by the Mercers' Company and the Corporation of London.

The upper floor offices of the Exchange are occupied by the headquarters of Guardian Royal Exchange Assurance which must pay one of the lowest—if not the lowest—rents for prestige; large City office space.

More Property News Page 16

The insurance group's links with the Royal Exchange go back to the 16th Century but GRE's present lease at a fixed rents, with no reviews, was signed in 1928. The lease is due to run until 1998.

The Mercers' Company and the City Corporation must be less happy with the situation, particularly as the landlords face a pretty hefty repair and maintenance bill in the next few years. Maintenance on the stonework is already overdue while the repair bill for the inner courtyard roof could be at least £500,000.

Strategic move by NCB funds

Characteristically dramatic, this week's $267m (£134m) cash offer by the National Coal Board pension funds for Connecticut General Mortgage and Realty Investments is the largest U.S. property takeover deal ever to be launched by a British institution.

Only two years ago the coal board pension funds caught the property market totally by surprise by successfully bidding $144.2m for a Californian-based property investment trust, Continental Illinois Properties.

Connecticut General (Congen), established in 1970, is one of the largest and most successful U.S. real estate investment trusts with a property portfolio valued at $350m (£175m).

In addition, Congen holds outstanding mortgage loans of $138m (£69m) carrying an average interest charge of just over 9 per cent. The loans however are somewhat over-valued in the books given the current high cost of mortgage money—around 15 per cent—in the U.S.

But it is Congen's expanding property portfolio, through direct investment and partnership schemes, that is the main attraction to the two coal Board funds

According to Thomas J. Gallagher, a vice-president of Congen, the real estate trust has property investments at book value, before depreciation and including current commitments, of $263m. Of this retail investments represent $70m (26 per cent), apartments $36m (14 per cent), offices $40m (15 per cent) and industrial together with a small amount of agricultural investment $118m (45 per cent).

On the same basis properties in California account for $88m (33 per cent) of book value; Texas $27m (10 per cent); Minnesota and Missouri $24m each (9 per cent); Pennsylvania $19m (7 per cent) and Washington $15m (6 per cent).

The trust gives no information on individual buildings. But it is understood to have interests in at least seven regional shopping centres, including two in Minnesota and Texas.

Previous annual accounts also talk of partnership schemes involving "general-purpose warehouse and distribution facilities in Missouri, Texas, Illinois, New Mexico, Utah, California and Washington, apartments in Louisiana, a shopping centre in Virginia and an office building in Texas" the latter believed to be in Dallas.

The trust gives no indication of current market yields for its properties but, for what it is worth, it does provide average weighted cash-on-cash yields on an historic cost basis for its various categories of investment. For 1980/81 these were: 14 per cent for wholly owned real estate investments; 19 per cent for partnership schemes and 17.7 per cent for leased land investments.

The coal board funds are bidding $33 for each Congen ordinary share, with a proportionately higher offer for the two classes of convertible subordinated debenture stocks. But within a day of the bid announcement on Tuesday there was speculation on Wall Street of a possible counterbid emerging.

The effect of a successful takeover of Congen would be to increase the combined market value of the two funds' property investments to around £1.1bn of which U.S. real estate would account for approaching 20 per cent. On market value total property investments account for around 39 per cent of the funds' combined investment portfolio.

British Steel asks for £2.7m rent

A RENT OF just over £4 a sq ft for prime central London office space may be a dim and distant dream for some but that is what British Steel Corporation has been paying for its headquarter offices at 33 Grosvenor Place since it took over the building in 1968.

Now with the first rent review due in just over two years time British Steel is seeking to sublet the building at an annual rent worth around £15.60 a sq ft—a reflection of how property values in London have changed

The current lease on the building was taken out when AEI, the former tenant, was taken over by GEC. It was then thought that the central London premises were too expensive

Now it is the turn of British Steel—with the forthcoming rent review at Grosvenor Place very much in mind—to seek cheaper accommodation. The nationalised steel corporation is to move much of its head offices to Croydon where prime office rents are currently running at around £10 a sq ft. British Steel, however, intends to retain a smal lcorporate headquarters elsewhere in London.

Estate agents and chartered surveyors Jones Land Wootton have been asked to arrange the sub-letting of Grosvenor Place for British Steel whose lease on the building is not due to expire until 2011—with rent reviews due in 1983 and 1997.

JLW, which is seeking an annual rent of £2.7m for the 173,000 sq ft of offices, said that the building has already attracted strong interest in the few days that it has been on the market. The agents said that no decision had been taken on a likely review pattern; this would be a subject for negotiation.

The ultimate owner of the freehold of the building is Grosvenor Estates but ownership is complicated by sub-lease granted to a major insurance group and a British property company. It remains to be seen whether British Steel's existing lease on the building will be modified to include shorter review patterns once a new tenant is found.

Spurt in Glasgow office development

GLASGOW is facing a shortage of new offices for the first time in many years. But coupled with the rundown in new building completions which have led to the shortfall, there has recently been a considerable increase in the acquisition of sites for development.

Allan Thomson, of Jones Lang Wootton in Glasgow, says that during 1980 only two new schemes, providing a total of 68,000 sq ft of new space, came on the market and both were pre-let. These were ESN's 46,500 sq ft in Blythswood Square and Trafalgar House's 21,539 sq ft at 221 West George Street.

"During 1981," says Thomson, "the figure of expected completions is 282,000 of which over 100,000 sq ft is pre-let while a further 90,000 sq ft has reached an advanced stage of negotiation."

With an annual takeup currently at the high end of a "pretty steady" 200,000-300,000 sq ft range, developers are beginning to respond accordingly. Allan Thomson knows of seven prime sites under offer of seven prime sites under offer or acquired. The first six are:

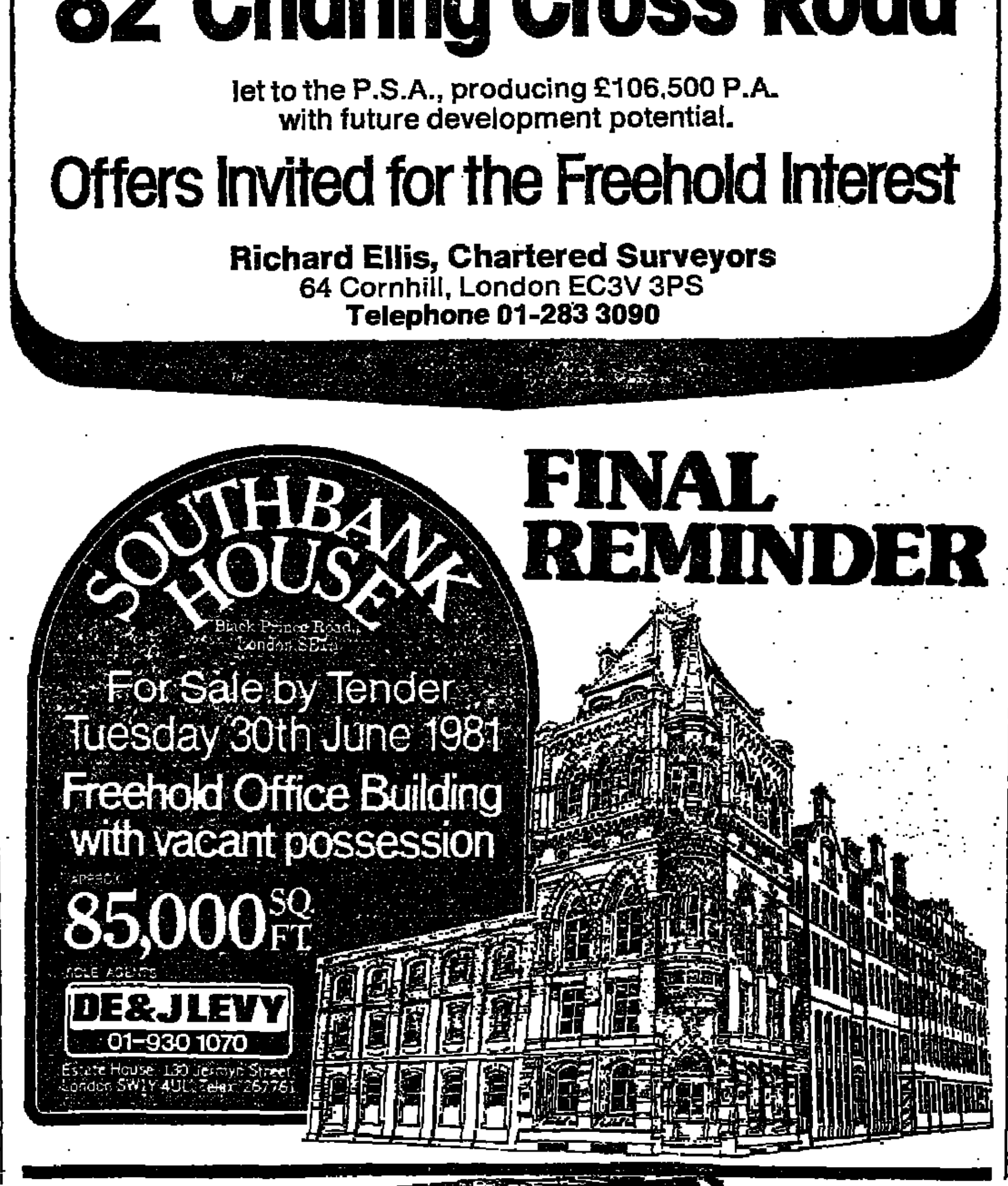
- Hope Street, the old Daily Record building, estimated to produce some 60,000 sq ft;
- Albion House, Cadogan Street, a 35,750 sq ft refurbishment:
- Elm Bank Street, 20,000 sq ft which Thomson has under offer to a developer;
- Vincent Street, 20,000 sq ft under construction;
- Cadogan Street, an island site which, again, Thomson has under offer to produce 95,000 sq ft;
- and Argyll Street, where DCI have bought a site for an estimated 118,700 sq ft of shops and offices.

To be completed before 1985, these six still add up to just over a year's normal supply. But what observers have missed, says Thomson, is the influence of the British National Oil Corporation. "Since the Corporation's arrival in the city four and a half year ago," he notes, "it has taken over seven office blocks to provide 270,000 sq ft of space and it is still pursuing a vigorous programme of growth."

BNOC itself is currently planning the development of a major headquarters complex. The site, at the west end of St Vincent Street, will provide between 400,000 and 500,000 sq ft of offices in a phased development which will start to come on stream during 1985.

"When this happens," says Thomson, the Corporation will presumably vacate the accommodation presently occupied . . . this will make a substantial contribution to the availability of space in the middle 1980's."

William Cochrane



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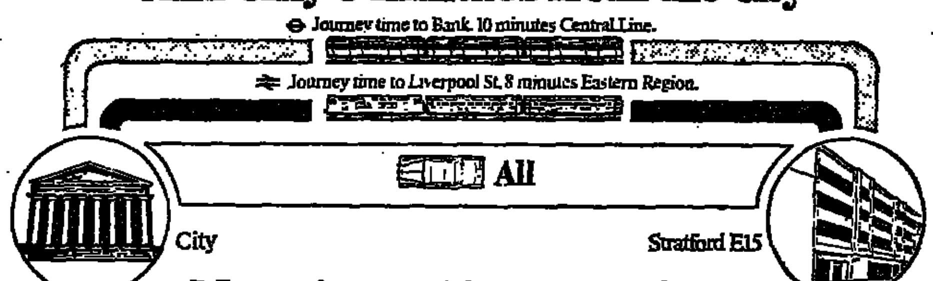

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Property Briefs

Major new scheme for Imperial funds

IMPERIAL GROUP Pension Funds are to carry out the £9m second phase development of the Kingsmead Centre, Farnborough, Hants. This will involve the construction of a new 80,000 sq ft office building which has been prelet to Leslie Godwin at £7 a sq ft. Construction work, under Laing Management Contracting has already started with the building due for completion in 1983. Richard Ellis are acting for the pension fund while Leslie Lintott acted for Leslie Godwin.

● Taylor Woodrow Property Company and Norwich Union are joining forces to develop 58,000 sq ft of offices on part of the site of the former Bromley Girls' High School, next to Bromley South railway station. Total cost of the scheme is estimated at £8m, to be provided by Norwich Union which has taken a 150 year lease on the site from freholder Midland Bank Pension Fund. The scheme is due to be completed in 1983—income will be shared between Taylor Woodrow and Norwich Union "according to an agreed formula." Joint letting agents are Bernard Thorpe and Prall Champion and Prall of Dartford.

● Royal Insurance and Hunting Gate are joining together to develop a 21,000 sq ft office scheme in South Park, Sevenoaks, Kent. Total cost of the development is estimated at £2½m. Construction is due to start in July with completion expected in late 1982. The development is on the site of the former Post Office in South Bank. Jones Lang Wootton advised the Post Office while St Quintin is advising Royal Insurance.

● London and Paris Properties has proposed a 70,000 sq ft gross office development fronting on to Avenue Road in London's Swiss Cottage area. A planning application is due to be submitted to Camden Council shortly with a view to start construction early in 1982. Sinclair Goldsmith and Jones Lang Wootton have been appointed joint letting agents. One obstacle to the deal may be the Greater London Council's current attitude towards office development in London.

● Norwich Union insurance group is to develop a £2.4m factory and warehouse scheme on the outskirts of Norwich on Drayton High Road. The scheme — the Hellesdon Hall Industrial Park—will provide a total of 95,800 sq ft of accommodation ranging from 2,450 sq ft units up to a single large unit of 48,000 sq ft. The deevlopment is due for completion in spring 1982. Drivers Jonas are the letting agents.

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Dimmer switch for cities

BY GEOFFREY CHARLISH

SOME SIX or seven years ago the first of the microprocessor-controlled energy saving systems came on the market in the UK, the idea being to use electronic intelligence to monitor heating consumption continuously, anticipate demand and keep the energy supplied to an absolute minimum.

UK plant engineers viewed these devices with some scepticism at first because they seemed unlikely to achieve more than good thermostatic control and properly adjusted timing in the hands of skilled personnel.

Characteristics

But the idea has caught on, largely because of the complexity of circumstances with which the new systems can cope and also because more subtle control is possible.

For example, by comparing outside and inside temperatures continuously and accounting accurately for the thermal characteristics of the building and the variable requirements of the various parts, pointless waste can be cut out.

There are now two dozen or so companies offering systems of this kind led by Honeywell and including such names as Energy Management Devices, Ferranti, General Automation, Holec, Horstmann, JEL Energy Conservation Services, Pye, Transmitton (BICC), and Tronicair.

Late last year JEL Energy Conservation Services won a contract worth £1.25m for systems planned for 6,000 buildings in Italy—an indication of the business potential.

Systems can cost from about £1,000 up to several thousands of pounds depending on the installation and it is claimed that energy savings of between 20 and 40 per cent are possible.

Up to now, however, no company seems to have offered a system aimed specifically at lighting loads, although several of the existing systems can embrace lighting.

In industry and offices, most lamps are fluorescent and engineers tend to regard their consumption as small compared with watt-hungry heating devices.

But a look out across any city at night gives an idea of the power involved. Could any of it be saved?

According to the U.S. General Electric Company, equipment that it has just put on the market can pay for itself in a little over a year and generally well within two years.

The equipment, available from Simplex GE of Stoke-on-Trent, consists of a central digital controller with screen and printer connected to as many as 500 standard transceivers. Each of the transceivers can serve 16 relays and a relay can control a single lamp or a bank of lamps.

GE believes that, as a rule of thumb, programmable control should be considered for any building of more than 30,000 square feet where automation of the lighting can show a potential saving equivalent to one or two hours of operation a day.

The equipment can be programmed by the user to give automatic time scheduling of all the connected loads, manual override for individual loads, automatic adjustments based on photocell or other control inputs, and special holiday or vacation scheduling.

Among the variants that can be programmed are: lighting "on" only during normal occupation of the segment in question: reduction of lighting levels during cleaning or other non-critical tasks; reduction of illumination in perimeter zones, based on the ambient lighting conditions.

Detailed programming means that exceptions can be accommodated so that people who come early or stay late will not be in the dark.

The essence of this system, as of all other microprocessor controlled systems, is that hard wiring that would have to be changed each time a lighting schedule was changed, is done away with.

It is replaced by software: via the screen and keyboard on the controller the user simply tells the machine to connect and disconnect the desired circuits at appropriate moments.

The transceivers are connected together by a simple twisted pair line over which all the control and status signals are multiplexed. Indeed, existing telephone circuits can be used, eliminating hard-wired wall switches and complex central control switching panels.

A useful facility is that the controller can accept manual override by means of telephoned pulses provided that tone telephones are in use. Connections can also be made from photo-relays, timers or from a central computer.

Simplex-GE quotes a case history from the U.S. in which a building with 660 kw of lighting was basically controlled with 32 breakers on the ten floors. On weekdays guards turned the lights on between 6.00 and 7.00 am, most personnel arriving at about 8.00 am and leaving by 5.00 pm.

The lights of London could go out—at least marginally

The guards started turning the lights off at 6.00 pm. Sequential cleaning started at 6.30 pm. when about 40 per cent of the lights were on. At weekends, there was about 20 per cent illumination for eight hours.

In the GE control system that was put in, each floor was subdivided into 12 interior and four perimeter zones, with half and full control for each.

The system was programmed to energise selected zones at half level at 7.30 am with full level by 8.00 am. Telephones were used for occasional early arrival of staff.

Photocells kept peripheral zones to minimal levels and during lunch lighting levels were reduced to half level for three-quarters-of-an-hour. At day's end, scheduled area cleaning at half level produced a 50 per cent reduction of power.

These and other programmed reductions produced about $24,800 of energy savings per annum based on 3.5 cents per kwh. Taking the cost of installation of the GE equipment to be the installed cost of the controls less whatever would have been spent on a conventional system, an effective figure of $27,100 is obtained. Dividing the savings/year into this, a pay-back time of 1.1 years is obtained.

So, perhaps, the lights all over London could go out a little. None of this is very good news for the CEGB, however. Due to the recession and increasingly due to the use of energy savings controls of this kind, CEGB sales to area electricity boards in 1979-80 went down to 212,771m kw from 213,979m kw in 1978-79.

Network candidates wanted

THE NATIONAL Physical Laboratory is looking for suitable candidates to exploit its technology in local area networks.

It has developed a data communications ring around which information can be passed at up to 60m bits (binary digits) a second along an 8-bit highway.

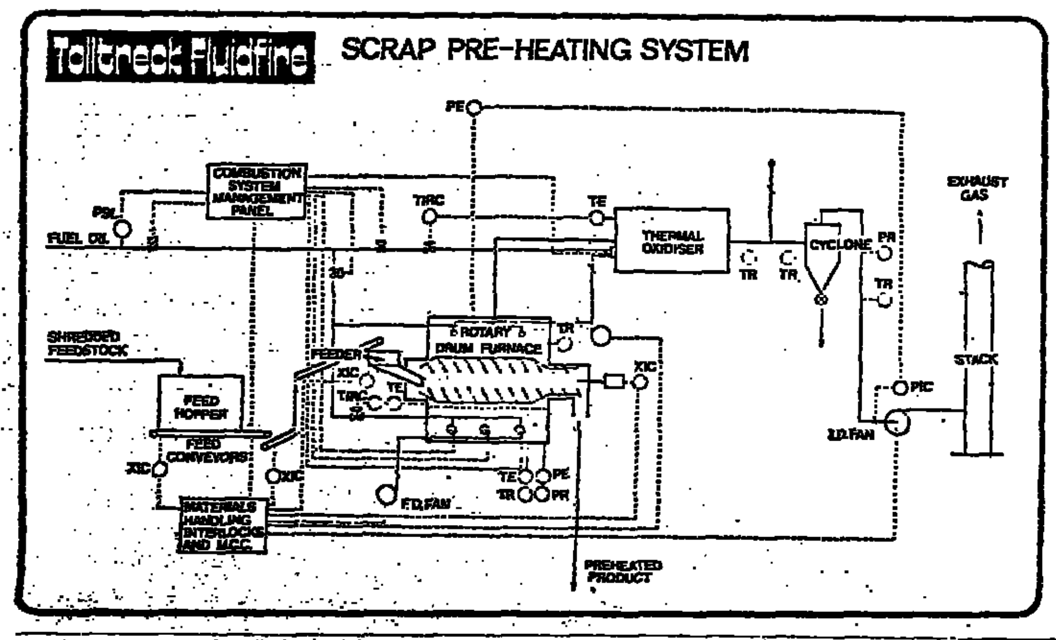
The ring has already been used as the basis for Demos, a multimicroprocessor system developed by the NPL in association with Scicon Consultancy.

According to the NPL, with a maximum sized ring and worst possible load conditions, the contribution of the hardware to the communication response time is guaranteed to be less than four milliseconds.

Local area networks are simply ways of moving information quickly and cheaply around a comparatively small space — an office block or small site, for example.

The NPL ring and the Cambridge ring are typical developments in this technology, while Xerox with Ethernet represents a different approach to the same problem. NPL is on 01-977 3222.

Fluidfire claims breakthrough in scrap preheating system



MARRYING TOGETHER two established technologies frequently results in a synergy amounting to a breakthrough.

This, at least, is how Tolltreck Fluidfire sees its new scrap preheating system. It has applied fluidised bed technology together with a perforated rotary drum transport mechanism to the continuous preheating of secondary metals scrap and the removal of organic contaminants.

Laminates

According to Dr C. J. Sealey, a director of Tolltreck, aluminium scrap is generally in the form of low grade materials contaminated with plastics, paints, varnishes and the like.

This is a direct result of the growing use of aluminium cans, foil and sheet laminates in the food and beverage industries.

Dr Sealey argues that conventional methods of treating these scrap materials in conventional furnaces leads to operational, environmental and economic penalties. The chief problem, it seems, is oxidation which leads to high losses.

Dr Sealey says: "The only feasible solution to removal of organic materials without high oxidation losses is controlled, low temperature preheating."

This, he says, can be obtained only in indirect fired heating systems (which are normally uneconomic) or when the materials are immersed in a moving bed of inert solid particles at the right temperature.

Research

Thus the importance of the fluidised bed. Fluidised bed combustion — a technique the National Coal Board and the Central Electricity Generating Board have been researching for some years — provides exactly these conditions.

Particles "float" in a bed of an inert substance such as sand which is fluidised by the upward movement of strong air currents.

According to Tolltreck: "By utilising a fluid bed of inert solids as the heat transfer medium, the Tolltreck preheating system maintains rapid processing while reducing losses due to oxidation." An advantage is that the bulk recycling of low grade and difficult scrap is possible.

Pilot

Tolltreck, which has been researching its system for three years claims in pilot experiments up to three per cent improvement in metal yields, 50 per cent reduction in melting times and 50 per cent reduction in flux usage.

Once the scrap has been cleared of impurities, bulk melting takes place in fuel fired reverberatory and rotary surfaces, the former for higher and the latter for lower grade materials.

Environmental protection is claimed as a result of Fluidfire's technology. Low level emissions associated with direct melting are eliminated and the exhaust gases from the rotary drum furnace are extracted at minimal depression and thermally oxidised in an after-burner chamber.

Tolltreck, a joint venture with Stone Platt Fluidfire, is on 0905 775661.

Locomotive

THE prototype of a new small locomotive will be shown by Delta Construction of Great Shelford, Cambridge at the Sewerage '81 exhibition which opens on June 22 at the Kensington Exhibition Centre, London.

It is claimed to be the most powerful locomotive of its type with a 600 kg drawbar pull and suitable for any guage track from 18 to 24 inches inclusive.

Each wheel is independently sprung and powered with its own hydraulic motor. Hydraulic power is supplied to the wheel motors from a constant-speed battery-operated electric pump.

Emergency brakes operate automatically if a hydraulic pipe bursts in the main circuit and a bypass valve allows the locomotive to be pushed in the event of a power failure.

INTERNATIONAL PROPERTY

LOMBARD

A future for co-operatives

BY JOHN ELLIOTT

WITHIN THE next few days Sir Keith Joseph, Industry Secretary, is expected to decide whether to close down the three-year-old Co-operative Development Agency or let it continue for two or three more years. Instinctively he probably wants to close it, both because he does not approve of providing Government funds to help co-operatives, and because it could be added to the list of "quangos" abolished since the last election.

Co-ops are, however, in a curious way, quite close to the heart of Conservative politicians like Sir Keith. While committed Socialists see them as ways of replacing capitalism with collective ownership, and Liberals favour them because they can remove much of the conflict in industry, high Tories like them because they involve would-be entrepreneurs banding together to make a success out of their own individual efforts.

Reprieve

For this reason—and because closure would mean slotting an embarrassing piece of legislation into an already crowded Parliamentary timetable—Sir Keith is likely to reprieve the organisation. He will probably say that it is to remain in being, but on a smaller scale than hitherto, concentrating on giving primary information about industrial co-ops to people thinking of setting one up.

More significantly, he will also probably say that the agency should pass on its customers who need various forms of business advice to the existing specialist small business agencies—the small firms' counselling service of the Department of Industry and the Council for Small Industries in Rural Areas. This will enable the Co-op Agency to slim down, reducing its staff costs and its overheads. As a result, its average £300,000 a year expenditure of government funds will be cut to perhaps £150,000 to £200,000. This will enable an extra £600,000 that Sir Keith is about to approve to last for three or more years, so pushing any government decisions about its future beyond the next general election.

This reduction of the agency's powers will probably disappoint many active members of the Co-operative Movement who campaigned for years for such a broad-based organisation to be set up. Its founder-chairman, Lord Oram, is likely to retire at the end of the summer and new board members will be appointed.

But the disappointment should not be allowed to turn the Co-operative movement against the agency. There is already far too much distracting political in-fighting between the advocates of co-ops, both among Labour supporters and among people who belong to the other main political parties.

In any case, the agency has not been remarkably successful in creating new co-ops although it has handled about 560 inquiries. It was set up at a time when reports about the Mondragon co-ops in Spain were helping to create a new surge of interest in the UK.

Tradition

The problem is that there has been no tradition of worker co-ops in the UK since the beginning of the century. People who try to set them up have difficulty raising sufficient finance (despite some help from financial institutions including the Co-operative Bank), and this prevents them growing to any size.

Their problems are very similar to those of other emerging small businesses, but are compounded by the fact that they are trying to operate a new form of enterprise in ill-informed, and sometimes alien, environment. The social and political beliefs of their founders often interfere with their commercial objectives.

It is therefore politically and industrially sensible for the Co-op Agency to carry on as a focal point, providing specialist help and liaising between the various small co-op agencies that have sprung up around the country. The small business agencies should then be told firmly by the Government that they must open their doors to any co-op in the same way as they would to a small businessman. Such a practical and non-political approach is likely to do far more good than endless intellectual debates and political battles about the principles of co-operation.

Tourist revival given a boost

AROUND BRITAIN

ULSTER'S BORDER

AT THE start of this week the EEC crossed its fingers behind its back and allocated £15m to a tourism development drive in the border areas in and around Northern Ireland.

From the immediately ensuing "Tourist Boom in Bandit Country" headlines, it was as if Brussels were trying to encourage people into a lion's den, on the grounds that it was an interesting place and the lion might not be at home.

The reality is rather different.

First, £10.3m of the EEC funds—which are being matched pound for pound by the Dublin and Westminster governments—are to be spent in the Republic.

That leaves £4.7m for Ulster, or £9.4m when Westminster's contribution is included.

Given that it is to be spread over five years, it is not a huge amount when set against the £4.6m a year government and private sources are already channelling into new and improved hotels and other infrastructure, in efforts to revive a once-thriving industry which vanished almost overnight at start of the current Troubles but which since 1977 has been drawing in a steadily increasing number of visitors from outside.

Officially, the Northern Ireland areas due to receive the EEC largesse are Derry, Strabane, Omagh, Fermanagh, Dungannon, Newry-Mourne and Armagh.

Not even the Northern Ireland Tourist Board — which with the Republic's tourist board since last year has been promoting Ireland as a whole to holiday-makers abroad—would claim that there is any chance of drawing visitors to Armagh, or at least its southern regions.

In terms of conventional tourist attractions, that is a great pity. It is a hilly, lushly wooded region bejewelled with lakes; in other circumstances Crossmaglen would be a natural tourist centre. As it is—and as Ulster Euro MP John Taylor has pointed out—it is barely possible for soldiers to move there, let alone tourists.

The other areas present a different prospect entirely.

In their rural portions, on which much of the development emphasis is being placed, unrest has spasmodically reared its head—but incidents have been so few and far between as to make them statistically insignificant.

The brick walls of the tourist board HQ in Belfast should by now be dented from the heads of despairing officials who have tried to make that point, in the same way that, since the cessation of the big bombing campaigns, they have tried to explain that downtown Belfast is now a bustling place of operating cinemas, theatres and restaurants—a world removed from the trouble-torn ghettoes to the west.

One statistic, however does sum it up:

Throughout the 12 years of the Troubles, the number of tourists who have become casualties totals one—hurt in an explosion at Ballycastle on the Antrim coast.

It is that record which has provided the NITB with its continued impetus to keep pressing on with its projects, despite the latest H-block setbacks.

And it is in the constituency of the late hunger striker and Westminster MP Bobby Sands—Fermanagh—that some of its greatest efforts are being made.

Not without reason: Fermanagh's vote might have shown how deep the political and sectarian divide runs. But little of it appears on the surface.

Fermanagh could be, and may be yet, one of Europe's great playgrounds. Picturesque villages dot a rolling landscape which contains also the 300 square miles of water and islands which make up Lough Erne—and the best coarse fishing grounds in Europe.

Last month, its main town, Enniskillen, played host to some 300 anglers from the UK for what was to have been the Benson and Hedges open fishing festival. It illustrated what the NITB is up against. Having sponsored the event for the past few years, B and H withdrew their backing in the days preceding it, giving no reasons. The NITB threw in the necessary £7,000 prize money itself, and the festival went ahead. A small crowd of H-block protesters greeted Northern Ireland Minister Adam Butler when he arrived to open it. Otherwise, for 300 highly visible Englishmen in an ostensible Republican heartland, it was a totally uneventful success, which included the setting of a world record for the weight of fish caught.

The government has now spent many hundreds of thousands of pounds in Fermanagh, helping set up and improve hotels, install camping and self-catering facilities and establish cruiser hire fleets.

There are visible signs of success. The flotilla of cruisers to be seen on the lough, many sporting West German ensigns, indicate that on the Continent—if not in the UK—the NITB's long grind is paying off. The same applies to other areas of the borders, where cars with Continental number plates are once more no longer a rarity.

After a steady rise in the number of visitors to Northern Ireland to reach 728,000 in 1979, numbers last year dropped off—but only slightly, to 710,000.

Peter Burrell of Ilford with his world record match fishing catch of 258 lbs 9½ ozs at the Fermanagh fishing festival last month

The bulk were visiting friends and relatives, but 118,000 in 1979 and 99,000 last year were outsiders with no reason to come other than for a holiday.

This year, says the NITB, despite the blanket coverage given to the province's troubles, trade is holding up.

Inevitably, however, the position will remain fragile for as long as unrest persists.

The EEC, in announcing its decision, suggested that not to make positive efforts in Northern Ireland was tantamount to admitting that the political situation was hopeless.

To that Northern Ireland officials would add another reason: unemployment in the province now is standing at over 17 per cent—well above the rest of the UK. With its traditional industries in deep decline, it needs all the economic help it can get.

BY JOHN GRIFFITHS

Light Cavalry in fighting form

RACING

BY DOMINIC WIGAN

LIGHT CAVALRY, in whom Henry Cecil never lost faith before the colt's unexpected triumph in the St. Leger, has worked twice in tremendous style on Yarmouth race course recently and appeals as the best bet today, the closing day of Royal Ascot.

Although the one and a half miles of the Group 2 Hardwicke Stakes is on the sharp side for him, Light Cavalry is no mean performer over the distance—as he showed in the King Edward VII Stakes at this meeting a year ago, then on the Knavesmire in the Great Voltigeur. At York, this rangy half-brother to the now-retired Fairy Footsteps ran a fine race in defeat, when trying to give Prince Bee four lb on ground more yielding than he relishes.

If, as his highly-impressive recent work suggests, Light Cavalry is better than ever, he will leave his John Porter Stakes running at Newbury behind. And not only will he dispose of Pelerin and Shining Finish, the first and third in that event, but he will also hand out a beating to the Coronation Cup's major disappointment, Mrs Penny.

There would be no more popular result this afternoon than a victory for Moorestyle in the King's Stand Stakes. However, his prospects of success are no more than fair and receding in view of trainer Armstrong's warning that the colt will not run unless there is overnight rain. A better win and place bet to lift this Group I event, which has seen some turn-ups in recent years, is probably Sharpo.

In a wide-open race for the Wokingham Stakes, won a year ago by the Paul Cole-trained 28-1 chance, Queen's Pride, backers might do well to take a chance with Socks Up. Another chestnut son of Sharpen Up, Socks Up did not look altogether at ease when strongly fancied at Epsom recently. Now he is racing again on a course in which he will be meeting the ground, this leggy gelding is likely to return to his best. Of the remainder I have most regard for Jester's Boy.

ROYAL ASCOT

2.30—Red Jersey
3.05—Light Cavalry***
3.45—Socks Up**
4.20—Sharpo*
4.55—Blakenor
5.30—Good Thyne

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University. 9.05 For Schools, Colleges. 10.35 Cricket: First Test—England v Australia. 11.25-11.40 You and Me. 1.12 pm Regional News for England (except London). 1.15 News. 1.30 Mr Benn. 2.02 For Schools, Colleges. 2.25 Cricket: First Test—England v Australia. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Roger and Co. 4.30 The Happy World of Hanna-Barbera. 5.35 Paddington.

5.40 News.
5.55 Regional news magazines and Nationwide.
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 It's a Knockout.
8.00 Des O'Connor Tonight.
8.50 Points of View.
9.00 News.
9.25 Knots Landing.
10.15 Public School.
10.45 News Headlines.
†10.50 The Late Film: "Beautiful Stranger," starring Ginger Rogers.

BBC 2

6.40 am Open University.
11.00 Play School (as BBC 1. 3.55 pm).
11.25 Cricket: First Test—England v Australia.
1.30 Royal Ascot and Tennis (The BMW Championships).
4.35 Tennis and Cricket.
6.35 Open University.
7.00 Junior Pot Black.
7.40 Mid-evening News.
7.50 Cartoon 2.
8.00 Gardeners' World.
8.25 France Keeps Left?
9.00 John Keats.
10.25 Royal Ascot highlights.
10.45 Newsnight.
11.30 Cricket: First Test highlights.
12.00 Tennis highlights.

LONDON

9.30 am Schools programmes. 12.00 The Magic Ball. 12.10 pm Once upon a Time. 12.30 Super Savers. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 Houseparty. 2.25 Best Sellers—"Top of the Hill." 4.15 Gopher Broke. 4.20 The Adventures of Black Beauty. 4.45 Get It Together. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 Return of the Saint.
8.30 Misfits.
9.00 Get Lost!
10.00 News.
10.30 Till Death . . . starring Warren Mitchell.
11.00 The London Programme: Goodbye Pavarotti?
11.35 Have Girls Will Travel.
12.35 am Close: Personal Choice with Sir John Boyd.

All IBA regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.25 Friday Afternoon Film: "East of Sudan," starring Anthony Quayle, Sylvia Syms and Jenny Agutter. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale Of The Century. 10.30 WKRP in Cincinnati. 11.00 Members Only. 11.30 Friday Late Film: "Prisoner in the Middle," starring David Janssen. 1.10 am Your Choice.

ATV

1.20 pm ATV News. 6.00 ATV Today including ATV Sport. 7.30 Vegas. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 The Gunfighters: "A Man for Hanging."

BORDER

1.20 pm Border News. 6.00 Lookaround Friday. 6.30 Out Of Town. 7.30 Vegas. 10.30 Jacques Loussier 11.00 Soap. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather 6.00 Channel Report. 6.30 What's on Where. †6.35 Laurel and Hardy in "Flying Elephants." 7.30 Vegas. 10.28 Channel Late News. 10.36 Lou Grant. 11.30 Superstar Profile. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Houseparty. 6.00 North Tonight 6.30 Benson. 7.30 Vegas. 10.30 "A Study in Terror," starring John Neville, Donald Houston and Anthony Quayle. 12.10 am North Headlines.

GRANADA

1.20 pm Granada Reports. 6.00 Granada Reports. 6.30 Doctor Down Under. 7.30 Vegas. 10.30 A Week On Friday. 11.00 Soap. 11.30 After All That, This. 11.45 For Adults Only: Romy Schneider in "My Lover, My Son."

HTV

1.20 pm HTV News. 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Vegas. 10.28 HTV News. 10.35 Festival '81. 11.35 Soap.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Mwy Neu Lai. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Anifeiliaid, Rhyfel a Heddwch. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Outlook. 11.05 Soap. 11.35-12.35 am Danger UXB.

SCOTTISH

1.20 pm News & Road & Weather. 1.30 Andy's Party. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 WKRP in Cincinnati. 7.30 BJ & The Bear. 10.30 Ways & Means. 11.00 Late Call. 11.05 Movies Through Midnight: "Stalk The Wild Child," starring David Janssen.

SOUTHERN

1.20 pm Southern News. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Survival. 7.30 Return Of The Saint. 10.35 The Barry Westwood Talkabout. 11.20 Soap. 11.50 The Late, Late Premiere: "Skin Deep."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 12.25 Friday Matinee: "The Mark of Cain," starring Eric Portman. 5.15 Clapperboard. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 Vegas. 10.30 North East News. 10.32 Friday Live—Spies and Censorship. 12.00 Welcome Back, Kotter. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 6.00 Good Evening Ulster. 6.30 Welcome Back Kotter. 7.30 Vegas. 10.29 Ulster Weather. 10.30 Witness. 10.35 Struck By Lightning. 11.05 Golfing Greats (featuring Tony Jacklin). 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Vegas. 10.32 Westward Late News. 10.36 Lou Grant. 11.30 Superstar Profile. 12.00 Faith for Life 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 7.30 Hawaii Five-O. 10.30 Benson. 11.00 Floodlit Crown Green Bowling. 11.30 Lou Grant.

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

VHF only—5.55-6.55 am and 11.15 pm 12.55 am Open University.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart Show (S). 4.00 Steve Jones (S). 5.45 News and Sport (S). 6.00 David Symonds (S). 8.00 Friday Night is Music Night. 9.55 Sports Desk. 10.00 The Grumbleweeds 10.30 Fiesta. 11.00 Brian Matthew. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer Haydn (S). 10.00 Choral Music of Bach and Mendelssohn (S). 10.55 Oboe and Strings (S). 11.30 French Songs (S). 12.00 BBC Northern Symphony Orchestra. 1.00 pm News 1.05 Concert. 1.50 Beethoven and Schubert (S). 2.40 John Williams (S). 3.15 North German Radio Symphony Orchestra (S). 4.55 News 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Third Opinion 7.15 "Der Freischutz" (S). 8.05 Mosaics (S). 8.25 "Der Freischutz" 9.20 The Delights Of Music. 9.40 "Der Freischutz" (S). 11.00 News. 11.05-11.15 Previn (S)

Medium Wave Only—10.55 am-6.40 pm Cricket: First Test.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News 11.05 Science in China. 11.50 Bird of the Week. 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S) 12.55 Weather. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre 4.05 Down The Garden Path. 4.15 In The Gaslight's Glow. 4.45 Story Time (S). 5.00 PM: News. 5.50 Shipping Forecast 5.55 Weather. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime 11.15 The Financial World Tonight 11.30 Today In Parliament. 11.45 John Ebdon. 12.00 News.

BBC Radio London

5.00 am As Radio 2 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 Music Show. 5.15 Music On The Move. 6.33 News. 5.15 Music On The Move. 6.33 This Week. 7.03 Black Londoners 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

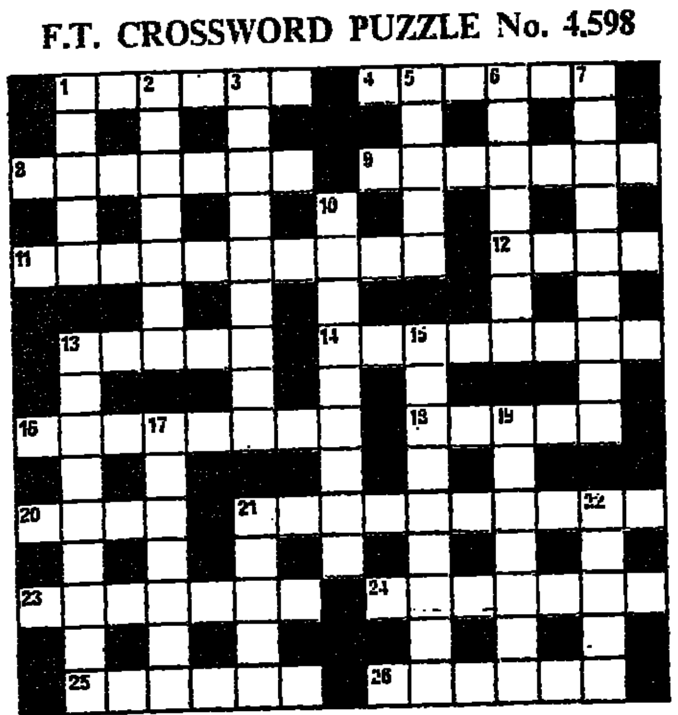
London Broadcasting

5.00 am. AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life 9.00 Nightline. 12.00 LBC Reports Midnight 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 Greg Edwards live from the "Best Disco in Town" at the Lyceum. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,598



ACROSS

1 Make up your mind to have the river round the Yard (8)
4 "Where burning —— loved and sung" (Byron) (6)
8 Prescription of mural representation (7)
9 Publishes Soviet exploits (7)
11 Cleaners put fellows off (10)
12 A row develops right after the match (4)
13 A month among the Jews (5)
14 Account in the red? That takes the biscuit (8)
16 Noisy aircraft coming from the South (8)
18 The coraliary appears to be mounted (5)
20 The poet finds half-a-dozen among other denominations (4)
21 Korea the right one for the elect (6, 4)
23 The saint shows Bob inside (7)
24 Good men are about ready for signs of promotion (7)
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26 Experts need it for health (6)

DOWN

1 To a doctor anybody is a lazy fellow (5)
2 Brown in the Civil Service is a hindrance (7)
3 The coach demands industry (9)
5 Aids to be found in the Women's Service (5)
6 Cleaned up by the Sprats (7)
7 Where prisoners are sent—is Othello responsible? (2, 3, 4)
10 Liveliness can easily change into mania (9)
13 The intelligence that is our birthright (6, 3)
15 Here's chips—the fish is bound to appear (9)
17 In the exam I'd upset the composer (7)
19 "The time has come when the —— have to part" (Foster) (7)
21 Foreign capital to discuss in company (5)
22 Hundred Socialists split (5)

Solution to Puzzle No. 4,597

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هكذا من الأصل

THE ARTS

Alan Ayckbourn — Leonard Burt

Book Review

Ayckbourn again

by MICHAEL COVENEY

Conversations with Ayckbourn by Ian Watson. MacDonald. £8.95, 189 pages.

Alan Ayckbourn (b. 1939) is the most prolific, the most successful and probably the richest of all contemporary playwrights. He has been a West End fixture for 16 years. His first hit, *Relatively Speaking*, started life in the unpretentious Library Theatre, Scarborough. The venue was established by the late Stephen Joseph, a pioneer of theatre in the round. Ayckbourn succeeded his mentor as artistic director in 1970 and has written every one of his plays (with the exception of *Mr. Whatnot*) for that snug little auditorium and its resident company.

West End stars have ensured box office success on Shaftesbury Avenue, but Ayckbourn has remained inextricably loyal to his theatrical roots. After a year running errands for Donald Wolfit in 1956, he joined Stephen Joseph as a stage manager and actor in 1957. Apart from a brief spell at the Victoria Theatre, Stoke (the other Joseph-inspired regional set-up), his professional life has been confined to Scarborough with odd forays to London and even odder ones to Broadway. His plays are now performed all over the world.

For a man of the theatre, Ayckbourn is refreshingly forthright, modest and, above all, practical. This emerges in Ian Watson's generously illustrated book, which is really no more than an extended question-and-answer session of the sort you would expect to find in a theatre magazine. It manages, nonetheless, to cover the ground admirably. Mr. Watson knows his subject (now an arts administrator, he worked for a time at Scarborough with Ayckbourn) and the playwright is generous with vivid anecdotes and articulate insights into his own work.

It is extraordinary to be reminded that he writes each annual play during a period of only *two weeks*, although there might be a gestation period of nine months in which ideas are shuffled around. He enjoys the social activity of working in a theatre and the challenge of technical obstacle courses such as a farce with no doors or the combination of different locations and time sequences.

Married at 19 and the father of two boys, he has lived for some years with the actress, Heather Stoney. The institution of marriage he loathes, averring that most marriages (as in his plays) are either fraught or dull. Other strongly held views? That, in the theatre, people and not buildings should be subsidised. And that theatre should entertain, not preach: "If I want to be instructed, I go to night school."

The book, though interesting, is only incidentally critical. And something should have been said about that great swathe of high-class middlebrow comedy performances by such as Penelope Keith, Paul Eddington and Richard Briers that have become synonymous with Ayckbourn's work, whatever he may claim for the Scarborough prototypes.

St. Alfege's, Greenwich

The War of the Sexes

by ANDREW CLEMENTS

Under such an unpromising title the Greenwich Festival contrived to link together an enterprising programme of one-act operas, performed in St Alfege's Church on Monday and again on Wednesday. All three works — Monteverdi's *Il Combattimento di Tancredi e Clorinda*, Holst's *Savitri* and Tavener's *A Gentle Spirit* — were given in reasonably full stagings produced with some considerable ingenuity by Peter Foster: the backbone of the musical contributions was provided by the Meridian Chamber Orchestra (based at St Alfege's) conducted by Stephen Dagg.

But for all the zest and enthusiasm of the performances, indigestion threatened before the end of the evening. Short measure though it might have been, I would have willingly settled for a balanced pairing of Holst and Monteverdi, and not only because they would have provided sustenance enough. Tavener's adaptation of Dostoievsky's short story has faded considerably in its impact in the four years since its first performances (at the Bath Festival, repeated a short while later at the Collegiate Theatre). *A Gentle Spirit* was written after Tavener's *Therèse*, but staged first; now after the Covent Garden production of *Therèse* it seems little more than a codicil, transferring the same set of gestures, musical and dramatic, into an apparently foreign setting, but retaining much of the same method of building and discharging tensions and exploiting emotional responses. Wednesday's singers were Justin Lavender (Alexei) and Elizabeth Brice (Anya).

Mr Lavender had earlier appeared in more sympathetic roles in *Savitri* and *Il Combattimento*. Holst's beautifully concise piece seems to provoke highly polarised reactions: of intense dislike or passionate defence. It has its faults, certainly: the main dialogue between Savitri and Death falls too easily into the worst vein of the English pastoral: the off-stage wordless chorus (the highly competent Meridian Chamber Choir) sometimes embalms the music in the most dubious way. But otherwise it seems to me one of Holst's most original creations, consistently beautiful in its melodies, sure in its dramatic pacing. The mismatch between the English modal writing and the essentially Eastern subject matter was not minimised in the production and costumes. But Hilary Weston was a sweet-toned Savitri, sustaining the longest lines and singing the haunting refrain with ever increasing intensity: Paul Wilson was a solid Death.

Of the production of Monteverdi's opera I have more doubts. The ritual present in all of the works in the programme is most explicit here, and the groping and tussling of the combatants during the long passages of descriptive recitative may have been one solution to the problem of finding something for redundant singers to do, but it jarred against the formal grammar of the conception. Mr Weston delivered the main burden of the story (in English translation) clearly and with a nice balance between dry impartiality and knowing commitment; Miss Weston and Mr Lavender cavorted happily. The essence of Monteverdi's masterpiece was in a curious way preserved.

The festival continues until June 28.

Arts Council housing the arts committee

John Last, Merseyside county councillor and shadow chairman of the arts and culture committee, has been appointed chairman of the Arts Council housing the arts committee.

The housing the arts committee is responsible for advising the council on the distribution of its capital fund for the building, alteration and improvement of arts venues, including theatres, concert halls, arts centres and art galleries.

Cinema

Playtime in Paris

by NIGEL ANDREWS

The Last Metro (A) — Curzon
Friday the 13th Part 2 (X) — Ritz
Death Hunt (X) — Classics Haymarket and Oxford St., Odeons Marble Arch and Westbourne Grove

Shot in opaque and hazy pastels by cinematographer Nestor Almendros, as if smoked by time, Francois Truffaut's *The Last Metro* is set in Nazi-occupied Paris during the war and is a weird mixture of the wondrous and the woolly, the winning and the wayward. Truffaut being Truffaut, probably the least political of all the film-makers who came to fame two decades ago on the crest of the French New Wave, he has turned a historical era usually prone to convulsions of movie melodrama — barking Teutons, flapping swastikas, popping monocles—into a film almost indifferent to the fevered Manicheism of Good and Evil, more interested in their impression on the quotidian workings of the human heart.

We are in a Paris theatre run by actress-manager Catherine Deneuve, wife of the Jewish former manager (Heinz Bennent) who has officially fled the country but is actually concealed in a cellar beneath the stage. Newly signed up as leading actor is Resistance-sympathising Gerard Depardieu, a handsome histrio bringing clouds of kudos from his career on the Grand Guignol stage. And proving an inveterate molester of the company's artistic freedom is the unctuous, mean, immaculately-dressed theatre critic Jean-Louis Richard, whos has started using his newspaper column as a Nazi-sanctioned mouthpiece for anti-semitism.

Between the opposing claws of this idealistic pincer movement the theatre's fragile wartime survival is caught, and so is its little army of political "innocents," from Deneuve herself to buxom Lesbian set-designer Andrea Ferreol and mini-martinet producer Jean Poiret. Closure is constantly threatened by German disapproval over the content of the plays and/or whiffs of Jewishness among the players.

But where many film directors would turn this plot into the customary propagandist shooting-gallery—Golden Hindsight Conscience award to the maximum number of pop-up tin Nazis potted Truffaut transforms it into a multi-storey, and potentially enthralling, parable about playacting. Level one is the daily make-believe and musical chairs of human relationships (Deneuve falls for Depardieu while Depardieu falls for just about everyone else—including, and ill-advisedly, Ferreol): level two the professional playacting of the theatre itself; and level three the giant act of stoic forbearance and grimly smiling obedience forced on a nation by the evils of the Occupation.

So far so fascinating. The problem comes not in the film's conception, but in its development. Truffaut alternates little Hitchcock jabs of cloak-and-dagger tension — half-heard conversations, silhouettes behind frosted glass — with standard-issue backstage comedy and with slow-cranked romantic intterest as Deneuve casts distantly longing glances at Depardieu: playing out heavy-irony love scenes with him on stage (in Truffaut's fetching pastiche of an Ibsen play) while her cellared and unsuspecting husband listens and scribbles rehearsal notes below.

Almendros's photography, with its umbrageous velvety sheen, works near-miracles in harmonising the film's divergent moods — comedy, sentiment, suspense—and there are scenes in which the cogs and wheels suddenly mesh in Truffaut's imagination and the film revs into intensity: notably in the hilarious knock-down row between Depardieu and Richard in which the obese critic is dragged by the aggrieved thespian out of a snooty restaurant into the rainy street, and slugged horizontal, after the publication of his worse-than-waspish first-night review of their play. Here *The Last Metro* suggests exactly the crazed collision between spontaneity and protocol, form and feeling, farce and terror, that seems at the period's tragicomic heart and should have been kept closer to the film's.

*

Horror-followers will recall that Camp Crystal Lake, hereinafter and more familiarly known as "Camp Blood," was the venue of the vicious series of killings visited on the young camp caretakers in *Friday the 13th*. No surprise then that Hollywood, which has been killing off its young with Saturn-like glee for the last 18 months, should return to the scene of its first crime for *Friday the 13th Part 2*.

"I told the others. They didn't believe me. You're all doomed! Doomed!" wheezes the grizzled village crackpot as the new consignment of youngsters arrive, rucksacks on back and sacrificial foolishness written all across their faces. Soon the woods are alive with heavy breathing, the camera is bobbling forward painstakingly snapping twigs and a synthesised, *sotto* babble of sawn-off syllables ("Ki-ki-ki, Uh-uh-uh . . .") spookily usurps the soundtrack at key tension-points. Ginny, Paul, Alice, Terry and Ted are among those who experience close encounters with an array of steelware, and the hooded homicidal villain stomps on through the tenebrous trees, finally revealing himself to be. . . .

It would take a mixed team of expert psychologists and sociologists to determine exactly why this film has been spinning block-girdling queues all across America of late, when even some of its rivals in the prolific ghoul-and-gore genre have been fading recently through flagging audience interest. My own hunch, as intimated before in these columns, is that with grand guignol guerrilla-style America is exorcising the ghosts of Vietnam, and the most popular instance of the genre—*Hallowe'en*, *The Exterminator*, *Friday the 13th* and sequel—have been the closest to tales of guerrilla warfare transposed to U.S. peacetime settings: the faceless assailant concealed in the landscape, the small force outmanoeuvring the large by stealth and surprise, the sudden, deadly assault from darkness or shadow. In this film, the primal and unruly woods surrounding "Camp Blood" have even started to *look* like a tropical jungle, and the footstep-fetishist camera seldom lets us forget what the villain is wearing on his feet—army boots.

*

Death Hunt is one of those movie-pastures in which well-advanced Hollywood actors are put out to graze, the grass being not too tough for frail teeth and the token retirement work-load being limited to growling out well-worn mannerisms. Lee Marvin is Our Man in the Yukon, a snow-capped Mountie with a fondness for amber fluids, who runs the minimal and erratic law-and-order force. Whiskery and the worse for whisky, he is still set on doing wottamansgottado; which in this case means chasing tough trapper Charles Bronson across the snowy wastes of Canada. For Bronson has killed a man in a gunfight outside his log-cabin, albeit in self-defence, and he must be collared before he escapes, swathed in fur and on tennis rackets for shoes, to Alaska.

Where are the snowy wastes of yesteryear? Director Peter Hunt made the James Bond skiing romp *On Her Majesty's Secret Service* and showed a fair flair for manoeuvring hero and villains up and down blanch-mantled mountains. But in this instance he should have secured a screenplay as well as a snowscape. Marvin mouths, with the shock-jawed motions of one who has bitten off too much ice cream, dialogue removed un-thawed from B-movie cold-storage while Bronson, oppositely afflicted, has so few lines to speak that one suspects there was role confusion over whether he was a trapper or a Trappist.

Meanwhile the snow and the silliness rise all around. Angie Dickinson makes a brief token-female eruption as Bronson's ex-wife, and as the chase goes on and on, ankling ever deeper into trudgy whiteness, one begins to realise with painful clarity why so few on-foot chase films choose the medium of snow.

Andrea Ferreol, Maurice Risch and Gerard Depardieu in The Last Metro

Riverside Studios

Texts

by MICHAEL COVENEY

A pall of smoke, a sloping bare stage and an actor in baggy trousers equivocating in the void. Beckett. We have been here before. But for him, the last time, oh yes. No need for a story a life is enough. He says. Nothing like breathing your last to put new life into you. He says, rolling gently from side to side. Childhood, church bells. A hat that is lost. He was attached to that hat. Yes.

Head peering into the void. Why are they following me. The voice, pure. Joseph Chaikin, once with the Open Theatre I think. Good man. Yes. Bright eyes, curly hair. Moves about a bit. Exact, sure, effortless. Face the past. Nothing else. The door is shut. A hat and a cane dance in the blackness. Good lighting. Never seen a follow spot in Beckett before. Good. Yes. Work of somebody, forget the name. Yes. Craig Miller. Doesn't sound right surely.

No hope. You may even believe yourself dead on condition you make no bones about it. He says. Good. Yes. Blind, perhaps. Definitely. Yes. The voice I hear is not my voice. Or is it. No. Yes. Tape recorder. Krapp. To name the unnameable. Yes. Good.

Texts. Thirteen paragraphs. Twenty years ago, published. Favourite, *First Love*, not among them here. No. End. Will it end? Yes. Fifty-five minutes. Short. Good. The ebb and flow of tears and words. One life. That life, not this. Yes. Must go on. Got to go on. Goes on giving up. Clear voice, slightly quaqua. Here and there. Now and then. Also bits of *How It Is*. Novel 1964. Last page good idea for ending nothing. Alone in the mud yes the dark yes sure yes panting yes someone hears me no. He says. Got to go on. Must end. Off the stage by now. In the bar no doubt. Good. Yes. Cheers.

Rainbow

The Jam

by ANTONY THORNCROFT

The Jam, the smart young mods of the new wave, are surviving well; better anyway than the Rainbow which is looking decidedly dilapidated and in need of another preservation poem from John Betjeman. It is five years now since the three man band left Woking for the big time, and they have seen off most of their young contemporaries. With a record way up the charts "Funeral Pyre," and an enthusiastic crowd of lads staying loyal. The Jam have proved that there was more to punk than anarchy and abuse.

Not that The Jam were ever a punk band: they just played very rapidly and very loudly. With the perspective of time their stage performance now seems natural and liberating. Bass player Bruce Foxton still darts around the stage like a trapped ferret; guitarist and composer Paul Weller still shouts out the songs with the delicacy of a street trader; drummer Rick Butler relies on muscle rather than skill. But somehow there remains a freshness.

Success has perhaps calmed The Jam a little. In the slow, soft songs there are signs that the band could have a long future, and even in the bleaker outbursts like "Private Hell," "A Bomb in Wardour Street" and "Going Underground" the intelligent words make arguments of the songs rather than incoherent outbursts.

Some of the lyrics could even be heard, but in the main The Jam is a total immersion into a world of blinding lights and blanket noise and striking attitudes in which there is enough inspiration to leave you questioning and interested rather than angry. Perhaps the cover versions of songs like "Heat Wave," which show you how The Jam could be conventional, are the necessary antidote to the young, frantic, but not unattractive, world they inhabit and represent.

Shell-LSO scholarship finals

The finals of the fifth annual Shell-London Symphony Orchestra Music Scholarship will be held at the Henry Wood Hall in London on Tuesday June 30 at 6.30 pm.

This year is again the turn of the woodwind instruments, which were featured in the first Music Scholarship in 1977. The seven finalists have been selected from auditions and workshops held recently by principals of the LSO in Glasgow, Cardiff, Birmingham, London and Manchester.

The finalists will play as soloists both with piano accompaniment and with the London Symphony Orchestra, conducted by Ivan Fischer.

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An OECD list of dilemmas

THE OPEN disagreement which emerged at the OECD Ministerial meeting in Paris this week seems to have reflected more bafflement than rage; for although the differences are no wtoo deep to be papered over, and the secretariat was for the first time unable to conceal it, they reflect the fact that there is no longer a consensus o nhow free economies work. The real question is how far any nation is free or indeed capable of seeking salvation in its own way while its trading partners pursue different approaches. Interdependence can be hampering.

The most urgent question was the impact of U.S. interest rates on European economies. It may seem perverse that Count Otto Lambsdorff should cross-question the U.S. team on the inflationary implications of a large Budget deficit when he is under attack from the Bundesbank for exactly the same policy error; but he feels himself caught in a dilemma. Interest rates which may be felt necessary in the U.S. to check explosive credit demands are very high in real terms in Germany; the Federal government is therefore reluctant to add fiscal deflation to an imported monetary squeeze. The reward of fiscal discipline—lower interest rates—may not be available under these circumstances.

Punitive rates

The U.S. defence of what is inevitably a disruptive policy at the moment was not purely domestic. The Administration believes firmly that a determinedly tight monetary policy will bring interest rates down rather than force them up once the market realises that inflationary financial transactions are being blocked in earnest. Past experience in the U.S. (and in Britain) is not particularly encouraging, and Wall Street remains sceptical, but it can be argued that the remedy has never before been applied really ruthlessly. Certainly President Reagan would probably be as dismayed as his foreign critics if his policies resulted in a long-term regime of punitive interest rates. Meanwhile, it was implied, we must live with high rates.

In any case, the U.S. does not accept the argument that others are forced to follow its lead. A country with a sufficiently strong external balance on current account can achieve considerable freedom in domestic credit policy. Japan and the UK seem to illustrate this at the moment, and France maintained a policy of fiscal austerity with negative real interest rates right up to the recent Presidential election. Further, the Americans deny that a strong dollar need be deflationary in other countries except in the short term. It reduces real incomes, but stimulates exports.

Credit demand

Ministers could not accept these arguments as they stood, and it will be clear from our own recent comments that we would regard a better balance between fiscal and monetary restraint in the U.S. as helpful to her trading partners. In particular, it can be pointed out that the generous tax treatment of consumer credit costs in the U.S. means that interest rates have to be raised higher there to achieve any given effect on credit demand than would be the case elsewhere. However, this would pose few serious problems if U.S. inflation were not also high by historic standards, and well above the rate in some European countries.

There is still general agreement, then, that the fight against inflation must remain a top economic priority; but there remain acute disagreements not only about the appropriate methods, but about the implications. Above all, does a determined assault on inflation rule out any attack on the growing economic and social problem of unemployment? American and British statements seemed to support this gloomy conclusion, but the new French government is trying a different approach. A programme of higher expenditure largely financed by higher taxes has already been announced. Whether this balanced-budget approach is inflationary, and indeed whether it can stimulate activity, is an area of genuine technical dispute.

Fiscal borrowing

Perhaps the most encouraging result of the meeting was a general agreement on the need to create better conditions for productive investment by reducing unproductive fiscal borrowing—the basic philosophy of the UK March budget. But even here there was a strong caveat: in an already depressed economy, attempts at fiscal tightening may be damaging, and may indeed fail to reduce borrowing. This counsel of despair is at least a fair summary of a well intentioned but puzzled gathering, which would have been unanimous only on the proposition that there is no such thing as a free lunch.

Good news from the NFC

ONE SWALLOW does not make a summer, but it must be said that the offer by the senior management of the National Freight Company to buy the company from the State is one of the best bits of political-industrial news that the Government has had for some time. At the very least, it contrasts sharply with companies asking the Government to bale them out, as has been the pattern for so many years.

Odd ball

True, the NFC — formerly the National Freight Corporation — is a very odd ball. There is nothing else quite like it. It is basically the left-overs of the attempt to nationalise the road haulage industry. The Labour Government wanted to use it as a base for expanding the public sector in this area, but somehow never got round to it. Unlike many State-owned concerns, it is not a monopoly. It has never controlled more than 10 per cent of the market, though it is the biggest company in the field. Its interests extend to cold storage as well as Pickfords, the removal concern.

Mrs Thatcher's Government wanted at least partly to denationalise it from the start. The trouble was that it was in financial difficulties. It would have been possible to sell off some of the parts, but that would have left an unviable rump. The management wanted to keep the concern together.

Until very recently, the earliest that a public flotation could have been expected was sometime next year. Certainly that was the word from the financial advisers. The management, however, have now come to the Government's aid by offering to buy it themselves.

Co-operative

The scale of this move should not be underestimated. The cost of the purchase is put at over £50m. Mr Norman Fowler, the Transport Secretary, told the House of Commons yesterday that this was about the same as what might have come from a public flotation. Senior managers and staff will put up about £5m or £6m themselves. The rest will come from financial institutions. There will be an offer of shares to employees all the way down the line.

Because the NFC is such an unusual concern, it would be rash to conclude that this should be the pattern for denationalisation in future. It is unlikely, for example, that the British Steel Corporation could go the same way, though a similar approach might be applied to parts of BL. Yet there are still some encouraging conclusions to be drawn.

In the first place, the management has shown considerable initiative. It has been bold enough to strike off on its own rather than rely on the arms of the government. Furthermore, it has been prepared to risk its own capital. Not least, it has apparently found backers in the City. All that amounts to a vote of confidence in the company's future by the people best placed to know. There must now be a strong incentive to succeed. Personal incentives of this kind do not exist in the public sector.

Climate

Again, the offer of shares to employees suggests that the new company could become a co-operative. Nothing in this is incompatible with the present government's philosophy. It is part of a wider pattern of ownership and involvement which ought to be welcomed. Indeed recent management buy-outs in the private sector indicate that the habit is catching. In the NFC case, even the rail unions are said to have approved the move. If upheld, that could be one of the most encouraging developments of all.

There are two general points. One is that a state-owned concern has chosen voluntarily to move out of the public sector. That could be a sign that at long last, the climate is changing towards greater acceptance of entrepreneurial values. The other is that, however intractable the question of privatisation looks, the NFC case has shown that solutions can be found. The government should press on.

NATIONAL FREIGHT COMPANY

Britain's biggest buy-out

By Richard Lambert, Financial Editor

NFC

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❛ We are not in the Meriden co-operative game. We are in the game of a commercially run company with proper management and shareholders. But those shareholders will be more actively involved than most, since they will be actively involved in the business. . . . I have never before witnessed such interest, deep discussion and finally complete support by a group of managers for a concept in my life.❜

Hugh Routledge

Mr. Peter Thompson (centre), deputy chairman and chief executive, Mr. Philip Mayo (left), chief secretary and legal adviser, and Mr. James Watson, finance director

FOR a man who had just committed himself to raising over £50m of other people's money, Mr Peter Thompson was looking remarkably chirpy yesterday afternoon.

As deputy chairman and chief executive of the National Freight Company, he has been responsible for putting together proposals for what—if it comes off—will be far and away the biggest management buy-out that has ever been organised in the UK.

The idea is to buy the assets of the company from its present shareholder, the Government, and manage them through a new company owned by the employees.

Characteristically, "management buy-out" is a phrase Mr Thompson will not use. "It's a staff buy-out," he says firmly.

Although final details have not yet been worked out, the plan will probably work out something like this. The management and staff will be asked voluntarily to invest equity capital in a new company, set up to acquire the assets of the existing business. The NFC has 28,000 management and staff, and Mr Thompson and his colleagues hope that altogether they will put up between £5m and £6m.

If, for argument's sake, half the employees decided to take up the offer which will be made to them in a full scale prospectus, that would work out at an average investment of around £400 per head.

The consortium's financial advisers, Barclays Merchant Bank, will then approach other investing institutions and clearing banks to raise more money.

Mr Thompson is adamant that the employees of the company will retain control of the business—"this is a principle that will not be breached," he says—which puts a limit to the amount of equity which outside institutions can inject into the financing package. They might put up, say, £2m or £3m.

The remaining £40m plus will have to come in the form of other financing instruments—perhaps redeemable preferred shares—and various forms of medium term loans.

Management buy-outs have been part of the financial scene for years past, but the number of them has increased very dramatically in the last year or so.

Industrial and Commercial Finance Corporation, the leader in this field of finance, has arranged some 200 management buy-outs over the last eight years—of which no fewer than 69 have been completed in the last 12 months.

However, nothing has ever been attempted on this scale in the UK. In the U.S., buy-outs worth over $100m are not all that rare, and there have been instances of deals which exceeded $300m. But in the UK, the biggest buy-out completed to date is generally reckoned to be the deal whereby the managers of Ansafone bought their company from Lord Grade's Associated Communications Corporation in a package worth altogether £13.5m.

The average deal is much smaller even than that. For ICFC, the figure is generally around £250,000 to £300,000.

"We're not in the Meriden co-operative game," said Mr Thompson yesterday. "We are in the game of a commercially run company with proper management and shareholders. But these shareholders will be more actively involved than most since they will be actively involved in the business."

So far, the idea has only been discussed in detail at a recent conference of over 100 senior managers. They apparently gave overwhelming support to the project.

Yesterday afternoon, as the Secretary of State for Transport stood up in the House of Commons to outline the proposals, a mammoth exercise in communications was underway at NFC's garages and depots across the country. The objective was to inform every one of the employees what was going on between lunchtime and the end of the working day.

The leaders of the consortium also unveiled their plans to the main unions involved, who apparently expressed considerable interest and wanted to know a lot more. Mr Thompson recognises that he will have to overcome a general antagonism to the concept of privatisation. But he hopes that they will be won over by what he and his colleagues see as "a unique and exciting opportunity to have a stake in the company's future."

From the Government's point of view, the proposals can only be very good news. National Freight Corporation, as it then was, was the only candidate for privatisation which was specifically named in the Conservative manifesto. Until relatively recently there were high hopes that the company could have been floated on the stock market this spring.

Then came the recession, and one or two more specific blows like the loss of £30m a year of profitable turnover following British Rail's decision to stop its road-rail parcel service.

With profits under pressure, it became clear that the company could not come to the market until July 1982 at the earliest, by which time it is hoped to have some better figures under its belt.

This was embarrassing for the Government, whose only big success in its denationalisation programme so far has been the offer for sale of shares in British Aerospace early this year.

It was at this point, some three or four months ago, that the idea of a buy-out began to form in the managers' minds. And on closer examination, NFC may well be an ideal candidate in financial terms for such an operation.

Admittedly its profits record is distinctly spotty. But the financial structure of the business was transformed by the 1980 Transport Act. Until then, the business had been financed through loans and capital debt—which meant that the reported earnings had to carry a high financing cost.

At the stroke of a pen, the Secretary of State transformed the balance sheet by extinguishing £100m of the company's capital liabilities. The company took advantage of this moment to make a substantial provision against the rationalisation costs of its less profitable parcels business.

As a result the company suddenly emerged with a very respectable balance sheet—£88m of net assets and little more than £10m of short term borrowings.

In addition, the company's fixed assets are subsequently understated in the balance sheet. It has a lot of readily realisable property, and a steady cash flow from its main business.

The Government made another crucial change in the Transport Act. The company has an estimated deficiency on its main pension funds of something like £40m. The Act says that the Secretary of State can use the proceeds of the sale of shares in NFC to meet these deficiencies.

This means that the sale of NFC is not going to make a great contribution to solving the Government's funding problem. The net proceeds may be little more than £10m.

But if all goes to plan, the company will start its new life with the sound financial footing that is necessary in a debt-financed buy-out of this nature. After all the transaction will mean taking on a substantial amount of medium-term loans.

"We would not be here if we did not think that this plan could be put together," said the man from Barclays yesterday.

Some time in the next few months, the intention is to issue a full prospectus to the workforce and other interested parties. Mr Thompson hopes that the company will be in the hands of its new shareholders by October this year, and the consortium is not intending to seek a share quotation for at least five years.

According to Mr Thompson, "This will give the management and staff the opportunity of working together to improve the quality of the business and for them to decide at that time whether the business should continue in its unique form, as a business owned by its employees, or whether we should then invite others to invest in the enterprise."

The proposed buying price is in line with what the consortium reckons the Government would have got for the business—other things being equal—if it had sold it off on the Stock Exchange sometime in the summer of 1982.

How NFC found more profitable routes to travel

PICKFORDS, Roadline, British Road Services, National Carriers are familiar enough names to anyone who has ever travelled any distance on Britain's motorways. But less well appreciated is the fact that they are all owned by the National Freight Company, Britain's largest road transport operator. And it, in turn, is owned by the Government.

NFC operates 16,500 lorries, but it is no longer the general haulage company that it was when Mr Peter Thompsor the current chief executive and deputy chairman, took over in 1972.

The company, then known as National Freight Corporation, was stitched together by the Wilson Government in 1968 under its Transport Act. At that time parcels and general haulage accounted for 70 per cent of its revenue.

But the general haulage business has been getting steadily more competitive. Britain has more than 46,000 general hauliers, many of which have fewer than five lorries. These are often operated from small yards with overheads which have been pared to the bone so that freight rates are always under pressure.

Mr Thompson spotted this quickly and NFC now relies on general haulage for only 30 per cent of its revenue which in 1979, the last year for which full figures are available, amounted to £432m. Instead NFC has moved into the much more lucrative fields of contract hire, vehicle leasing and repair and the management of entire company transport fleets. One example of this is Bridon Transport, formerly the transport fleet of British Ropes.

A number of specialised freight and storage companies were also incorporated into NFC. These include the Freightliner container company (since transferred to British Rail), Tempco International cold store company, Cotrall Pickford, a bulk wine transport company, and Waste Management, a waste disposal group.

The aim was to forge all these disparate elements into a single integrated transport company which could compete head on with the private sector and in particular Transport Development Group, the largest privately owned transport company.

In fact, NFC has moved cautiously in rationalising these activities. BRS, National Carriers and Roadline still offer overlapping services and serve exactly the same geographical areas, although one umbrella company, the Scottish Freight Company, was set up this year to integrate most of the activities of the three hauliers in Scotland.

Mr. Thompson says he is not convinced that much more integration is needed. The group which became the National Freight Company under the 1980 Transport Act has made good progress since it was created.

In 1969, its first year of existence, the NFC employed 66,000 people and made a trading loss of £13.1m on gross receipts of £173m. By contrast in 1979 the number of employees has been cut to 34,500 and the group recorded a trading profit of £20.2m on gross receipts of £432m. The latest estimates show that NFC has 28,000 staff.

Lynton McLain

MEN AND MATTERS

Wriggling out

American visitors to Europe meeting longer-term expatriates could always count on being asked one question sooner or later—"So how are the Cubbies doing?" For the past 36 years, the answer has been simple: "Godawful." Last week, when baseball went out on strike, the Chicago Cubs were yet again in the cellar of their league. But this week, watchers of the Cubs have something else to chew on: the Wrigley family, of gum fame, has agreed to sell the team.

The Tribune Company, which owns the Chicago Tribune and New York Daily News newspapers, will pay $20.5m cash for the team with the most consistently unsuccessful record since the last world war. Only once has a baseball franchise commanded a higher price, when a group headed by publisher Nelson Doubleday paid $21.1m 18 months ago for the New York Mets—another team with a hapless record, though punctuated by glittering successes in 1969 and 1973.

There are 26 major league teams, of which the Cubs are the ninth to change hands in the last two years. Several others are up for sale. The Cubs deal is contingent on approval by the club Board, and the owners of other national league teams.

For America's second city, the sale of the Cubs completes a double shock. Earlier this year, the legendary Bill Veek sold the local White Sox for $20m. Veek was, just as much as the Wrigleys, an extraordinary mischievous character with a flair for showmanship. In 1949, he signed and sent in to bat a three-foot-eight-inch midget, reasoning with impeccable logic that pitchers would find it more difficult to throw at such a small target. He was proved right—but the powers that be in baseball immediately declared the midget disqualified.

The Wrigleys have held an interest in the Cubs since 1916, and its ivy-clad and uniquely-unfloodlit field bears the family name. Such years of glory as the team enjoyed date back to the 1930s and beyond, with stars such as Rogers Hornsby and Dizzy Dean.

Since the war, though they have attracted the odd great player, the Cubs have been indescribably bad. Yet a certain charm has endured, particularly in the cheapest seats where the beer-swilling shirtless "bleacher-bums" go about their eternal task of immeasurably enriching American slang with their pithy interjections.

Well-knit family

Blood courses at least as thick as oil through the veins of the City's underwriting fraternity, and anybody tracing the proud parentage of yesterday's new issue from BP could scarcely avoid noting the strong strain of Vereys adorning the family tree.

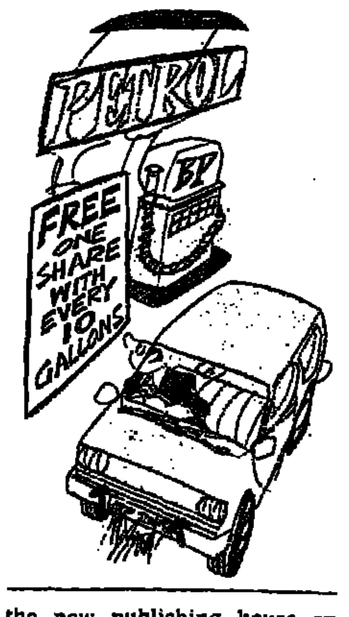
Patriarch of the line is Michael Verey, chairman of J. Henry Schroder Wagg (underwriter) until 1977, an adviser to the bank, and member of the BP Board. His son, David, 30, is an assistant director at Lazard Brothers (underwriter), while nephew Nick, 36, is a partner in Rowe and Pitman (broker), where he established a reputation as the market's ace SAS-style operator in the heyday of dawn raids.

"A complete coincidence of naturally talented people with a habit of getting entangled in jumbo transactions," explained Lazards' chairman, Ian Fraser, yesterday.

Printed circuit

Beware, all ye fossilised institutions of British life—Parliament, the City, the legal system, the public schools—a tight-knit band of bookish men prepares to strip your pretensions to their crumbling bones.

That, at least, is the stirring manifesto of Sinclair Browne, the new publishing house announced yesterday by micro-electronics pioneer Clive Sinclair and Cambridge bookseller Patrick Browne.



"The things of which Britain is most proud are the reason for her sickness," claimed Browne yesterday, promising "an unprejudiced look at British traditions and institutions."

With Eton, Cambridge and the Royal Navy behind him, Browne should be fairly well-versed in Old England. Sinclair could probably add a few words about the City, too. An indefatigable ideas man, he introduced the world's first genuinely pocket calculator in 1972, then a digital watch which sank him after component problems.

After failing to find new finance from the City, he signed up with the National Enterprise Board for backing, only to depart again arguing that the NEB had lost interest in consumer electronics. His new company, Sinclair Research, is now selling 20,000 a month of its own-design personal computers.

The two founders of Sinclair Browne—Sinclair as non-executive chairman, Browne as managing director—do not expect to see the fast bucks come flying back on their investment. It must, agrees Sinclair, make a profit in time, but uppermost in their minds are ideas of social reform and the promotion of translations to penetrate British "parochialism."

Sinclair foresees 5m fewer jobs in British manufacturing industry by the end of the century, with a consequent necessity for social re-structuring. This he hopes to stimulate by furnishing radical but non-partisan texts showing the way to gradualist change.

The major job outstanding for Sinclair Browne is to sign up a distribution and representation deal with a major publisher to give it access to the mass of bookshops.

Changing bowler

I only hope that management consultant Chilton Taylor had read P. G. Wodehouse's Psmith in the City to prepare himself for an experience yesterday a long way outside the call of his day-to-day duties.

Leaving behind him the offices of Casson Beckman Associates, Taylor found himself instead crouched behind the wicket for Middlesex facing up to the 100 mile-per-hour bowling of Jeff Thompson and Wayne Daniel.

Taylor, a Cambridge cricket blue, was making his debut in first-class cricket against Essex at Ilford. Regular wicket-keeper Paul Downton was needed for England's test-match team, and Taylor happily took off his City hat and stepped in.

So what does next week hold? A last minute dash to the West Indies, or Melbourne? Well, there is always the off-chance, but it looks rather more probable that Taylor will be back in pinstripes for a shipping profitability study in Grimsby.

FINANCIAL TIMES SURVEY
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Word Processing

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Despite the rapidly growing number of applications for word processing, many managers are still unfamiliar with a market which is expanding by 20 per cent. a year. The latest developments in the industry will be featured at the sixth — and largest-ever — International Word Processing Exhibition which opens in London on Tuesday at the Wembley Conference Centre.

Questions on a complex market

By Alan Cane
Technology Editor

"HIRE A hotel suite in say, Basingstoke and set up a word processing demonstration. Screen-based word processors have been around for six years or more, but you can still draw gasps of wonder and amazement by deleting a sentence or shifting a block of text. That gives some indication of the state of ignorance of the market."

It should be pointed out hastily that ignorance of the virtues of word processing is not confined to Basingstoke. It seems to be a universal phenomenon. But the comment above from Mr Michael Dale, marketing manager of Data Recall (a small UK company selling a word processor called the Diamond 5), emphasises the peculiar nature of the word processing market.

It is growing at 20 or more per cent a year, yet all the indications are that many of those responsible for making the buying decisions are ignorant of the nature of the product.

In all fairness, it must be said that even the experts frequently disagree over the definition of a word processor and the market itself is complex, supporting a host of different kinds of products.

When you buy a word processor, it may be hard to tell if you are getting a system which has been custom built for the purpose, a microcomputer dressed up with a few extra keys or a minicomputer running a word processing software package. Each will do an adequate job. It just depends on what you want.

Basically, a word processor is a computer which handles words and text as well as, or instead of, data. Text can be put into the system using a keyboard little different from that of a conventional electric typewriter. The words typed appear on a video screen like a television set in front of the typist and can be manipulated using controls on the keyboard. Spellings can be corrected (the IBM Display Writer has a built in dictionary which automatically corrects spellings) words added or deleted and blocks of text moved from one part of the document to another.

All the material typed can be stored in the computer's memory and retrieved at will. It therefore becomes possible to set up standard documents or create letters from standard paragraphs. When the typescript is considered perfect it can be printed out at the touch of a button. The quality of the final printed text is dependent on the quality of the printer used. These days, the highest quality is achieved using either a daisy wheel, where the letters are moulded on a plastic wheel, laser or ink drop machine.

The innovation which made modern word processing possible was the introduction of the video screen. Before that there had been efforts to devise word processors based on punching to make modification before a telex machine, but their built-in inflexibility ruled them out as replacements for typewriters.

The screen made it possible to see what was being typed and to make modification before a word was set in hard copy, and also to review material held in memory. "Word processing" in fact was first coined by IBM in 1965 to describe memory typewriters. "Screen typing" has been put forward as a more suitable description of modern word processing.

Conventional typewriter manufacturers have been busy adding new features to their products to combat the challenge of screen based machines. Indeed, the sharpest upsurge in the market in the past 12 months has been in sales of electronic typewriters, machines costing up to £4,000 with built-in memory.

Olivetti, which next to IBM has the largest installed base of word processing equipment, recently launched its flagship in this range of machinery.

Described as the Model 351 it represents the very top end of the market for electronic as opposed to screen based machines.

It does everything that an ordinary electronic typewriter does; its price of £2,950 reflects the fact that inside the casing there are simply a few printed circuit boards and microelectronic chips compared with the mass of electro-mechanical machinery inside, say a "golfball" typewriter.

It has a thin window display which shows a single line of text which is automatically printed out at the point where the carriage return would be used on a conventional machine.

According to Mr David Maroni Olivetti's director of external relations in the UK, the market for electronic typewriters is growing "explosively." He said: "We have installed 16,000 of these in the past 18 months. "These machines are replacing the golfball typewriter."

What makes the new machine different is the amount of memory it supports. It is supplied with twin floppy discs and external disc drive giving it a very substantial capability for storing documents. But everybody agrees that machines like the 351, while it will undoubtedly sell well, have a limited life in an innovative marketplace.

Mr Maroni argues that the electronic typewriter rather than the computer based word processor is the keystone to the

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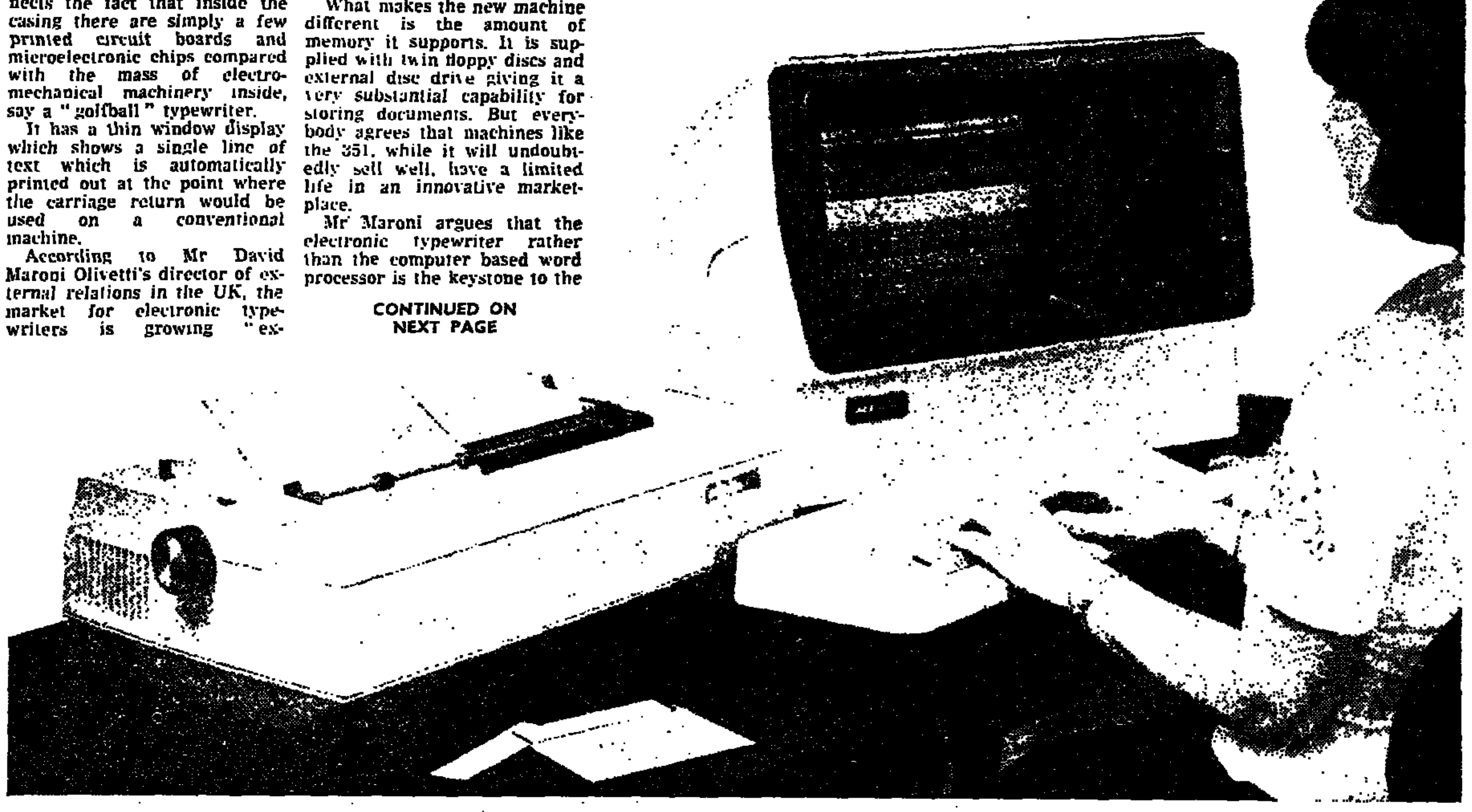
A NEW, powerful, stand-alone word processor from AES, the Superplus IV, seen here, is being launched in Britain next week. The Canadian-designed system is capable of processing three tasks at once.



The 860 information processing system, the work station for users of the Xerox 8000 network. Currently, cost effectiveness and presentation are the chief factors in the choice of a word processing system

Chosen for function rather than fashion

USERS' VIEWPOINTS

ALAN CANE

WHY BUY a word processor? The evidence in their favour suggests that these days, cost effectiveness and presentation are the chief factors.

In the past, word processors may have been acquired because thety were fashionable, the "thing of the future," but like the similar phenomenon in the computer industry, that attitude has died away.

A National Opinion Poll commissioned by the word processing manufacturer AES earlier this year suggested that users were taking a much harder-headed view of the market.

In choosing between brands — and there are over 100 companies currently offering computer-based typing systems — the most important considerations seemed to be, in order:—

- Will the machine suit *my* needs?
- Cost.
- Flexibility.
- Training/after-sales service.
- Manufacturer's reputation.

Salesmen

What users complained of most was the reluctance or inability of word processor salesmen to discuss their products at a suitable technical level. As one senior executive with a Northern company put it: "They try to sell you the concept of the machine rather than coming and finding out what you want and suiting your needs to what they have."

In those circumstances, it is perhaps curious that the reputation of the manufacturer does not appear higher up the list of purchase criteria. The big names in the business include IBM (which has about 30 per cent of the overall UK market) Wang (a bright and rapidly growing U.S.-based office automation company which made its name known in the UK with a powerful television advertising campaign), AES, Wordplex (who had an uneasy few years trading in tandem as AES-Wordplex and are now trying to re-establish their separate identities), Xerox, Philips and Adler.

Then there are companies such as Nexos backed by the National Enterprise Board, marketing a range of equipment based on UK-designed processors and Japanese printers, clutch of companies in the Exxon group—and the mainframe computer makers. ICL, for example, with no particular track record in office, as opposed to data processing, equipment reckons to be in the top five suppliers of word processing equipment in the UK.

There seems to be at least two sets of opposing views of the market among suppliers. One technical and one sociological.

The first is between those *companies offering electronic* typewriters as the cornerstone of an office automation philosophy and those offering dedicated, screen-based systems. An example of the first kind of company would be Olivetti, with its 10/10 range, and of the second, Nexos with the 2200.

The second difference is between those companies offering products aimed at the secretary—straight replacement of the office typewriter—and those developing workstations, screen-based systems which perform a variety of functions of which word processing is just one and intended to be used as easily by executives as by secretaries.

The first category includes systems such as the "Caltex" machine from Computer Ancillaries, a very low-priced system which is basically a microcomputer modified to run one of the best-known U.S. word processing packages, "Wordstar," and the Dictaphone system—Dictaphone's first entry into this market—which features a dual display. Not only is there the full A4 sized video screen, but a separate thin window display showing the typed matter a line at a time. The idea is that the experienced touch typist needs only the small display to make immediate corrections while typing at speed.

At the other end of the scale, Xerox, a giant in the office automation business this year launched the "Star" information system, the closest thing yet seen to a full-blown executive work station.

It has a large display, "electronic paper" on which the executive can write using an "electronic pencil" either moving a cursor under keyboard control or by using a "mouse," a tiny electronic box of tricks which is pushed around on a desk top and whose movements are reflected on the screen. The mouse can be used to draw pictures, to act as a cursor in text processing applications and to point to tiny images of familiar office equipment on the screen—drawers and filing cabinets for example.

Single screen

These images then "open" to display their contents—files, documents and letters for example. In the Star system, Xerox has taken a major step in replacing all the elements of the office environment—the typewriter, filing cabinet, paper and pencil—with a single screen and keyboard.

The Xerox system is a vision far beyond the reach of most simple word processing systems and at over U.S.$16,000 it is very much at the top end of the market. Even a simpler system, however, now shows evidence of office thinking—keys that mimic common office practices, for example.

Office Technology hopes to market a machine with a "waste-paper basket" key. Press the key and the information is consigned to a limbo in the system memory for 24 hours before being destroyed totally, an approximation to normal office practice.

There is a third difference of opinion among companies offering word processing systems: those which believe the work station should be completely dedicated to word processing—simply a replacement for an electric typewriter and those such as Wang or Datapoint which believe the same work station should be used for processing words and data.

The most fashionable term to use in connection with word processing these days is ergonomics; that is the scientific study of the fitness of tools for human use. While it is evidently sensible that a device in front of which a typist may sit for several hours a day should be designed with the maximum care for human comfort, the term ergonomics has been degraded in the marketing of systems to little more than a buzz word.

There are some important points to watch for, however. A number of studies have cleared visual display units of causing health problems, whether they be dizzy spells and headaches, spots on the face or miscarriage.

Nevertheless, a significant proportion of the population have visual defects which can only be exacerbated by badly adjusted or poorly designed video screens. It is now thought to be good practice to keep cooling fans out of the line of the operators' eyes as a stream of warm dry air can cause irritation. Opinion is divided on what should be the colour of the screen. Datasaab and Nexos opt for yellow on bronze as the most restful combination, but there is a view that stability of the characters on the screen is much more important in reducing fatigue.

If the motivation for buying a word processor is based on productivity it seems to be justified. The AES survey produced comments like these: "We had a choice of employing an extra member of staff or getting a machine. It has already paid for itself in four months." "It was a boon to the law industry. With legal documents everything has got to be perfect."

However, the "sophisticated machine" syndrome is still here: "We were hamstrung because when the girl who could use the machine was not there, it was closed down," and "I am the only one who can use the word processor. The others are scared of it so last year I only took eight-and-a-half days holiday out of a 20-day entitlement."

Complex industry

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office of the future. In contrast, Mr. Derek Groves, director of marketing for the leading word processing company AES, sees the chief opportunity in cheap screen-based word processors with limited facilities.

The principal Olivetti offering will be the 10/10 range, based on the electronic typewriter as starting point. All the facilities usually found on computer-based word processing systems can be added when appropriate—screens, external memory, high quality printers, interfaces to allow the machines to communicate with other electronic typewriters.

Mr Groves, on the other hand, points to the emergence of screen typers of simpler design and lower cost than those available at present; machines which directly challenge the more up market electronic typewriters on cost while beating them on features.

And substantial growth is expected in the development of software for word processing systems. Any word processor is only as good as its software—the lists of computer instructions which control its capabilities. From earlier crude text editing software, sophisticated packages are being developed which blur the distinction between word and data processing.

What the word processing vendors have become aware of recently is that they are selling into two separate markets. Firstly, there are the people who are familiar with the technology, using it to its best advantage and anxious for more features and capabilities. Such people are driving the business forward. Then there are the people who know nothing of the technology and who have been left behind in the rush for greater complexity.

A survey commissioned by AES from National Opinion Polls revealed poor awareness of what the meaning of word processing meant or of the jargon used by its salesmen. Standalone unit and shared logic systems (word processors with their own built-in computer and a number of keyboards and screens sharing a common computer) were not readily understood by executives.

The take-home lesson for AES was that it must simplify its sales pitch and educate its customers. The growth in the electronic typewriter market indicates that in the office familiarity breeds contentment.

The Xerox 8010 Star system, which is virtually a complete executive work station, replaces all the elements of the office environment with a single screen and keyboard and costs over $16,000

Remarkable expansion in electronic typewriter sector

MARKET TRENDS

ALAN CANE

AT THE end of 1978 there were 100 electronic typewriters installed in Britain. By the end of 1979, the number had risen to 910, a growth of over 900 per cent. By the end of 1980 the figure had grown to 23,648, representing a growth rate of 2,598 per cent.

These figures from the authoritative Peder census of computer-based equipment in the UK, published earlier this month, are remarkable. There would be room to doubt their veracity if it were not for the fact that every vender of word processing equipment agrees that this is where the real growth in office equipment is to be seen.

British Olivetti, for example, which shares the lead in the electronic typewriter market-place with Olympia in the UK, says it has sold some 16,000 of its ET range.

This includes a standard electronic correcting typewriter with a one-line memory for automatic correction, a daisywheel print element and three typing pitches; in other words, all the facilities you would expect from a well brought up electrical typewriter and more besides.

The Model ET 231 has a 16,000 character memory, editing and modification facilities and global search and replacement and text revision capability.

Olivetti is not putting all its eggs in one basket. It is marketing a full range of word processing systems and office computers but it clearly believes that the electronic typewriter is the key, and figures from the Pedder census suggest it has made the right judgment.

Pedder—now part of the BIS group—divides the market for word processors into five categories, excluding electronic typewriters.

Still growing

The first is described as hard copy, stand alone "blind" systems — conventional electric typewriters of the IBM Selectric type.

The market leader without a doubt is IBM with over 65 per cent of the market: "But it's not a customer-base IBM can be particularly thankful for," mutters Mr Derek Pedder. There were 8,418 of these machines installed in the UK in 1978, 9,190 in 1979 and 9,591 in 1980, so the market is still growing, but has clearly reached maturity.

Pedder's next category is the "thin-window" type of machine, the electronic typewriter which displays a single line of text which can be used to correct mistakes or review sentences—each line of text is printed out automatically when the end of the line is reached.

According to Pedder, the installed base of these machines was 660 in 1978, 2,148 in 1979 and 4,281 in 1980. The UK leader is Olivetti, again with Nexos, the National Enterprise Board-backed office equipment company in second place, and Xerox well in the running.

All the remaining categories are screen-based machines, screen writers offering either half a page of display or a full page.

The market leader in the half-page display category is AES with its erstwhile partner Wordplex in second place with Philips third.

Some 1,529 half-page systems were installed in 1978, 3,701 in 1979 and 6,846 in 1980 (all the numbers in the Pedder census are cumulative: that is, at year-end 1980 the total installed base of these machines was 6,846).

The split of AES from Wordplex is one of the more curious stories of the word processing year. Brought together under the umbrella of their Canadian holding company, AES-Wordplex enjoyed comfortable market leadership in this category. Internally, the relationship was uneasy with salesmen exhibiting understandable loyalty to their own company.

The decision was made to split-up and market their products separately in friendly rivalry and each company is now working hard to re-establish its own individual image.

In full-page systems, the leader is the oil giant, Exxon, through its Vydec subsidiary, with Xerox in second place. Only 205 of this kind of machine were installed in 1978, but the total had grown to 1987 by 1979 and 4,170 by 1980.

The final category is what Pedder describes as multi-workstation systems.

Resources

This means more than simply shared logic, the earliest type of screen-based word processor where the expensive computing unit was shared between a number of keyboard and screen units. It means that the more sophisticated systems of communicating word processors, each of which may have its own microprocessor, share other resources such as files, print stations or databanks of standard texts.

The outstanding example is the Xerox Star Information System, but IBM, Wang and Datapoint are among the manufacturers who build such systems. They are usually computer manufacturers, rather than traditional office equipment specialists.

Pedder's figures here refer to numbers of workstations; there were 847 installed in 1978, 1,987 in 1979 and 4,170 in 1980.

The market leader was Wordplex, with ICL and Wang in second and third places.

So in 1980, there was a total of 26,875 word processors fitting the five Pedder categories installed in the UK, and the total was growing by about 50 per cent a year.

Surveys such as the Urwick-Nexos office equipment study show that most firms intend to continue to spend more on word processing equipment: the manufacturers and vendors confirm this trend.

The total word processor figures do not include, of course, the figures for electronic typewriters which look as if they will completely destroy the market for electric machines in the next three to five years. They can achieve this on price and capability alone. It takes as little as one third of the time to assemble an electronic typewriter as a comparable electro-mechanical device and there are far fewer moving parts.

However, observers do not see the boom in these machines lasting for long. They see them as an interim measure before screen based machines really take off. The manufacturers who survive will be those who have anticipated this switch in emphasis.

The Pedder report is available from BIS-Pedder, York House, 199, Westminster Bridge Road, London SE1 7UT. Price £800.

Boom in the packages market

SOFTWARE

ALAN CANE

ARBAT IS a systems house and is part of the Arbuthnot Latham Holdings group. Its chief claim to fame is a piece of banking software, also called Arbat, which has established a good reputation for itself in dealing rooms around the world. Based on the popular Digital Equipment PDP-11 range of minicomputers, the system offers the advantages of computerised banking. With all its experience in the rigorous but secure banking sector, Arbat's latest offering is a word processing system, Arbat-Reform.

The system is based on the same DEC equipment the company uses for its banking systems, the PDP-11 and VAX range of minicomputers hardware; it offers a range of installations from a single screen-based key station with 1m bytes of storage on floppy diskettes to networks of terminal clusters sharing a distributed database. The cost of a four-terminal system with two-letter quality printers and a dual hard disc unit would be about £27,000, Arbat says.

According to Mr Christopher Manderson of Arbat, Reform was the logical development of its banking software.

Arbat handled banking data, but not text. Its Intelex-11 message switching system moved information over telephone lines. The development of Reform was seen as the glue to hold together Arbat's vision of the electronic bank.

The Arbat story illustrates an important aspect of word processing today: that it is the software, the lists of computer instructions which control the functioning of the computer, which is important not the machine itself.

A DEC terminal running Arbats word processing software is just as much a word processor as a dedicated system with all the frills from AES, Wordplex or IBM.

The growth in word processing software packages has been prodigious. Derek Pedder, who annually counts the number of computers installed in the country as the basis of the Pedder Computer Census looked this year at the number of word processing packages installed and his numbers—although he offers the disclaimer that they are certainly an underestimate—indicate that the market is growing by several hundred per cent a year. In 1978, he found a total installed base of 90 word processing packages; by the end of 1979 that had grown to 900 and by 1980 a total of 4,793 packages were installed and running.

Functions

(A software package is a piece of standard software which makes it possible to carry out a specific series of functions on any computer with which it is compatible. In the case of a word processing package, for example, you might expect operator prompts to guide you through the work, cursor addressing, fast search, global search and replace, margin justifications and so on. The package should need little or no modification to run on your computer.)

The package market has been driven by the growth in the market for low-cost microcomputers. While exact market leadership is hard to determine, the Pedder survey indicates that the "Wordcraft" package which enables owners of Commodore "Pets" — the fastest selling of the professional grade microcomputers — to carry out word processing on their machines. Other popular packages include "Wordpro," "Wordstar" and the Applewriter, a package for the very successful Apple computer.

Wordstar, a U.S.-built package, is thought to have a bright future, running, as it does, on the most popular microcomputer operating system, CP/M. In the UK, for example, its users include Computer Ancillaries of Egham, which is selling one of the cheapest machines on the market at £3,995. The machine itself is based around the Zilog Z80 microprocessor and built by the UK firm of LSI Computers.

Like the computer business, the word processing industry is unusual in that once you have bought your hardware, you may have to pay extra for the software to make it work. The IBM Displaywriter, for example, at around £5,472, was perhaps the key product in pushing down the cost of sophisticated word processors — but the software comes extra.

This applies to the intelligent typewriter market as well. The Olivetti 351, for example, an electronic typewriter with twin floppy discs attached offering substantial storage cells for £2,950, but the necessary software costs an extra £8 a month on lease and cannot be bought.

So the manufacturer's need to "unbundle," to make money from software separately from hardware as the cost of hardware is driven down, has spread to the word processing market.

In software, too, lies the secret of integrating word and data in the same system. Looked at from the outside, there is no difference between a dedicated word processor and a small business computer system. Only the software is different. There are two schools of thought about the desirability of combining both data processing and text processing on the same machine. The first attitude is summed up by "Who needs it?" and is a reflection of the view that word processors are simply typewriter replacements and that people concerned with typing in the office are not concerned with data entry.

The opposing view is that word processors are the essential step to executive work stations where word and data processing will inevitably be carried out on the same terminal. (In one move to this approach, the Nexos 2200 has a small area of the screen defined as a scratch pad for calculations. It generates the image of of a pocket calculator entirely in software.)

It is salutary to remember that the hardware for the most advanced executive workstation yet available, the Xerox "Star" was on the market in the early 1970s. It took 10 years to develop the software.

Arbat, the real-time banking system specialist, offers document-based word processing, plus a powerful "system-builder" which facilitates development of information-processing applications, without prior programming experience. A typical four-terminal system, with two letter-quality printers and dual hard disc unit, costs from £27,000

How to use equipment to the best advantage

MANAGEMENT CONSIDERATIONS

JASON CRISP

WITH AT least 40 or more companies fighting for what is still a very small market word processor salesmen are more prone than most to making absurdly extravagant claims for their product and for the productivity gains to be made. They will emphasise the gains to be made over conventional electric—and even mechanical—typewriters and will naturally gloss over the problems of introducing the word processor to employees.

Yet, as experience of using word processors in the UK grows, it is becoming evident that the management of word processing and other aspects of office automation is a far bigger problem than that of actually choosing the equipment to be used. Badly handled staff may well end up being hostile to the brave new world of office automation. Hoped-for gains in productivity may never be seen.

Thinking of word processors strictly in terms of productivity gains in the sense of introducing capital equipment into a factory can be misleading. As one of the best available reports on the productivity of word processors, conducted by the Government's Central Computer and Telecommunications Agency (CCTA), pointed out, word processors can seldom be justified from their cost benefits.

After studying the use of word processors in a number of government departments, the report concluded: "No advantage was found for one-off original typing such as minutes, letters, memos etc, except where word processor quality was required. Apart from this qualification, and any special requirements which might exist, initial copy typing on word processors should be limited to the first typing of material due to go through a number of amendment stages. Even here consideration should be given to the cost effectiveness of cheaper alternatives for the typing of the first draft stages, given that the necessary compatibility with the word processing system can be provided."

The report did find, however, there were undoubted productivity gains to be made from selective use of word processors which more than justified the high expenditure. (A reasonable word processor costs £5,000 to £11,000 compared to the approximate £1,000 or less required for an electric typewriter.)

One of the key points made in the CCTA report on word processing in the civil service was that the way in which they were introduced and managed significantly affects their successful use. "A firm and positive management style, but one which nevertheless encourages a team spirit, was seen to be particularly effective."

Not only does the supervisor of the typists have to have a good understanding of word processors—not always a simple matter as the supervisor is usually older and possibly more resistant to new technology—but they also have to know how to guide the authors.

Assessment

Word processors are usually introduced to two very different situations in offices, each requiring rather different assessment and handling. The division is between the large typing pool employing 10 or 12 typists where a straightforward productivity gain is sought and where there are one, two or three personal secretaries working together.

The advantages of introducing word processors (or not) are much clearer and more easily defined in the general typing pool. There, almost all of the work is devoted to typing and where the nature of the work is suitable—in that it involves long reports requiring revision, standard letters or personal mail shots—a staff saving may be found by introducing word processors.

When it comes to a small group of secretaries, the decision on word processors becomes much more complicated as the tangible goal of reducing staff does not apply. As the secretaries probably spend less than a third of their time actually typing, typing which may be more varied than that of the typing pool, that means that it is not going to be practicable to save on staff.

In the case of the secretaries, the gain may be made in the saving of management time. For instance, word processors have been adopted most quietly by professional offices such as lawyers, architects and consulting engineers. In each case the professionals are involved in tediously long but vital documents—trust deeds, tenders and so on—which have small variations. If, for example, a lawyer makes changes in the draft of a long trust which is being produced on a word processor, he or she no longer has to re-read the entire draft, as would be necessary if it was re-typed on a conventional electric typewriter, but only to check the corrections had been made on a word processor.

One of the dangers ever present with wordprocessors is that managers begin to over-revise their reports because they know it does not mean the secretary has to retype the text completely. Indeed, with the more sophisticated word processors a report can properly be repaginated if text is added or cut. However, the more revision which involves re-typing the less cost effective a word processor becomes—and most consultants who advise on their installation and application point out the importance of making managers aware of how to use them effectively. As one commented: "You must train managers as much as you train typists."

The word processor, once accepted, can easily become something of a status symbol with secretaries, rather like the electric typewriter once was over the old fashioned mechanical machine which few secretaries now deign to use.

However, there are a number of practical problems associated with their introduction which, if ignored, can harvest considerable resentment. Mr Robert Beard, a director at Spicer and Pegler Management Consultants and a specialist in office automation, warns of the need to go "very very" slowly. Mr Beard estimates that most companies underestimate the learning time by between 100 and 200 per cent. He says it takes between six and nine months for a secretary to become totally competent on a word processor, to a point where all its facilities are made full use of without hesitation.

A middle-aged woman who is typically either the senior secretary or head of the typing pool and who left school perhaps 30 years ago may be very unaccustomed to learning fresh skills and may also be intimidated by the new technology. Yet in many cases she will be a key factor in the introduction.

Consultation

Many consultants emphasise the need to consult the secretaries and typists in the selection of word processing equipment to find out what the exact requirements are. It is more important to determine the calibre and capability of the word processor required than the actual manufacturer.

A number of practical problems are being experienced by companies who introduced word processors over the past two years or so. Many companies have bought only one printer to every three or four terminals as there are considerable cost savings. Some have found that while it works well in a typing pool where there is an even spread of work, there are bottlenecks when the work is periodic or where there are small groups of secretaries.

The chances of eyestrain from staring at video screens all day appear to be less than first feared, although there is a wide difference between manufacturers in the level of interest taken in the ergonomic design of their machines. A group of word processors in a small room can, however, cause considerable heat problems and may require extra ventilation.

Successful in a wide range of applications

PRIVATE SECTOR USERS

DAVID CHURCHILL

WHEN Abbey National, one of Britain's largest building societies, launched a major television advertising campaign to attract savings it received hundreds of calls and letters from members of the public seeking more information.

Within days, the society had dealt with every request as a result of using its newly installed system of word processors. The equipment used by Abbey National was the Olivetti TES 501 machines, which were installed on a nationwide basis as a result of successful trials carried out at the London headquarters.

The Olivetti machines have not only proved themselves as word processors and multi-copy letter writers, but are also being used as an information processor within the regional offices for personnel and other records. Rather than gaining access to the society's central computer for this type of information, each regional office is now able to use its own local word processing terminal for day-to-day data, thereby easing the load on the central system.

International Express, one of the leading UK-based freight forwarders, is another company which has developed its use of word processors.

The company originally considered installing the machines at its offices in Brentwood, Essex, to speed up administration in the complex world of freight forwarding. However, the Philips machines used by the company are now performing complex freight calculations by exploiting the equipment's sophisticated arithmetic software package.

The Philips P5002 machines are used as an integral part of the complete export service, from invoicing to final delivery. Calculation of charges and the typing of standard information onto each document are both performed by the word processor. This has effectively halved the time involved and the printout of a master document takes just 18 seconds.

The compilation and storage of the company's shipping register is yet another application of the word processor developed by Philips and International Express. This was previously compiled manually and contains all relevant details for a shipment, from the time a shipment is allocated to a vessel, through to the customs entry being made. By storing the register on the P5002, and using the search and locate facilities, the operator can now immediately locate and isolate overdue shipments. A printout of this information can then be presented to the customer as a weekly report on the progress of shipments, as well as daily reports being used for more effective management control.

Another use of the P5002 machine was put to the test by Philips itself. The sales training programe for a new product launched by Philips Business Systems was being developed by Tratec, a subsidiary of the McGraw-Hill publishers.

The training programme had to be particularly wide ranging, not merely because it was dealing with a sophisticated new product, but also because it had to help an established, though rather product-oriented, sales team to shift its attitude to one of customer problem solving. This in turn meant that drafts had to be carefully examined and edited by a multi-national Philips team which assembled at regular intervals at that company's main industry group headquarters at Apeldorn in Holland.

Inevitably a communications problem emerged: would Tratec staff have to carry all the necessary documentation over to Holland and back each time there was a meeting with the Philips' management? A solution was found by using the P5002 word processor to communicate via a telephone line with a similar machine elsewhere.

A system was therefore set up in which Tratec installed in their new Mortlake offices two P5002s with hardware tailored to the communications operation. The two machines shared a common printer, and one was provided with a dual-disc drive for copying discs and to facilitate printing from one disc while word processing on the other. The other P5002 was equipped with the communications software. Two keyboard/visual display units were needed because even working a two-shift, 14-hour day it still took well over a year to bring the training programme to production form.

Once the system was fully in use, it quickly justified its cost in terms of time saved and speed of communication. Such gains are always difficult to quantify but Tratec believes that the cost of completing the contract to the same schedule without the ability to transmit large amounts of text between P5002s on a disc-to-disc basis (the exchange of 100 pages of text takes about 20 minutes) would have been considerably higher because more manpower would have been needed, not to mention more travelling.

The Price Waterhouse accounting and management consultancy firm has developed an extensive word processing facility for use in its offices throughout the UK. It is well on its way to becoming one of the largest users of word processors in the UK.

Price Waterhouse has had word processors since the early 1970s but these had been introduced on an *ad hoc* basis and there was little real evidence that significant benefits had been achieved. To improve the firm's administration for the 1980s, however, it was decided in early 1979 to mount a comprehensive review of the need for a more modern word processing system.

Price Waterhouse was fortunate in being able to use its management consultancy arm to carry out this initial appraisal. The first task was to establish what, in Price Waterhouse terms, was an "office" (1,500 staff in 20 different departments) and to assess the volume and nature of the work done in the office. A questionnaire was used to determine this and two features emerged. One was the sheer volume of typescript being produced, and the second was finding that approximately 150 man-years of professional time was being spent on tasks which were essentially administrative in nature.

As a result of the preliminary survey, the consultants were able to provide a theoretical picture of the type and numbers of equipment needed and give some idea of the anticipated costs and benefits. The overall finding was that an investment of about £700,000 would be required for the London office alone, rising to about £1.4m for the UK offices as a whole. However, although the costs were high, the potential benefits were correspondingly large, so that the overall payback period would be of the order of 1½ to 2 years.

Perhaps the most significant feature of these findings was that such an attractive payback was only possible by adopting a strategy of using word processors to release management time rather than to reduce the numbers of secretaries/typists.

Price Waterhouse carried out extensive evaluations of the equipment suppliers, a task which it found far from easy. It then decided to start implementing the new systems on a trial basis, which would be closely monitored. However, so successful were the trials that it implemented the bulk of the system, ahead of schedule in January of last year. The whole process, from the initial feasibility study to implementation, took a year.

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Rapidly expanding business creates thousands of jobs

DEVELOPMENTS IN THE INDUSTRY

GEOFFREY CHARLISH

ONE OF the things that businessmen and politicians alike hope will soon happen to check rising unemployment is the birth of new industries to replace those that the UK, in particular, no longer finds viable.

Word processing, now growing at about 25 per cent-a-year certainly should come into that category. Although it is almost inevitably dominated by U.S.-based companies (there are perhaps five UK companies that could reasonably be said to be manufacturing) there is no doubt that some thousands of UK jobs can be attributed to it.

But as with other new propositions in electronics, the prospect has to be faced that in a non-expanding economy jobs in offices and factories might well be displaced by the new technology at a rate comparable with—perhaps greater than—increases attributable to the design, manufacture and marketing of the new systems in the first place.

Things are not improved in the UK by the fact that manufacture often implies assembly of imported parts. Certainly, a high proportion of effort is going into sales and distribution of equipment and software produced elsewhere, usually in the U.S. It seems a pity, because the UK market in self-contained screen-based systems alone can now hardly be less than £50m-a-year.

Be that as it may, word processing — and its ultimate development the electronic office—are widely seen as an important growth industry. Even the oil companies have taken an interest—Exxon's Vydec is an example — and recently Dictaphone made an entry. ITT, IBM, ICL, Burroughs are all present.

The description "word processing" was coined by IBM in 1965. Today, it still has the biggest share of the installed base, but that is only due to its long presence and the share has been dropping. But the corporation continues to attack the market on all fronts. For example, its sizeable typewriter market has allowed it to approach the word processing market vigorously from the bottom end.

By adding modern, increasingly cheap solid state memory and one-line displays it has produced —in common with other typewriter makers such as Olivetti, Adler and Olympia—systems of considerable attraction to low-volume minimal-editing users. Indeed, it is now the fastest growing sector of the market by units sold.

A little further up the market comes the so-called "thin window" units with rather more storage on disc and more functional ability in which Olivetti, Rank Xerox, and the UK Government-backed company, Nexos, have been active.

In the true screen-based systems where, due to inadequate (or absent) offerings, IBM had suffered increasingly at the hands of the newer companies, the corporation came back strongly last Autumn with the Displaywriter which was one of the lowest priced dedicated screen systems available. However, Wang has fired back with Wangwriters at £4,350 and there were already similarly priced systems including the UK-built Leterite 7D and the German-made 9000 System 10 from Dataword.

But only a few weeks ago the £4,000 barrier was breached with an offering from Computer Ancillaries made by LSI in Woking.

There seems little doubt that this kind of price warfare will continue, driven by the reducing cost of electronics, stiffening market resistance due to the recession and by sheer weight of competitive numbers.

Some observers have expressed doubt about the likelihood of all of the 40 or so companies in the screen-based stand-alone market being able to stay in business for too much longer. Under such conditions of course, the IBMs and Exxons of this world can behave with much more financial flexibility. But they have the age-old big company overhead problem coupled with viscosity in market response to new challenges. Small is beautiful may yet turn out to be the correct slogan.

As things stand, prices for screen-based stand-alone systems are ranging from just under £4,000 to over £10,000. Some of the older introductions at the higher values are beginning to look rather poor value for money.

"Caveat emptor" applies in every sense in the purchase of word processing. A recent revue in the magazine "What to buy for Business" related tales of purchasers who spent several months attending demonstrations and working out which system to get, only to end up buying a product which two months later dropped in price by £2,000. The magazine also speaks of the prospects of "falling into holes dug by salesmen from a dud brand waiting for the innocent punter to stumble his way."

Most of the action and the hottest contention is in the screen-based stand-alone area. The thousands of small companies that will want to cut costs with WP can only be approached from this direction if they want modern systems of their own. (Although they can consider using one of the growing number of bureaux.)

As electronic circuit costs ease downwards the residual cost restraints will be in the cathode ray tube, disc store, printer and keyboard. Volume, and technology-based cost reduction of these parts are already having their effect.

Since AES-Wordplex split recently into two companies its clear-cut installed base leadership in screen-based systems has gone and the contenders now include AES, Data Recall, IBM, Monotype, Philips, Vydec, Wang and Wordplex. But the construction of any kind of league table either for installed base or current supply position is near to impossible and there are at least two dozen other names on the list.

The all-British manufacturing presence in the market in general comprises BDP (Word Processing), Data Recall, ICL, Leterite and Nexos (now embracing Ultronic). A recent newcomer is Computer Ancillaries/LSI which has kept its price down by employing a Japanese printer instead of the ubiquitous Diablo of Qume. But in Europe in general, where they should perhaps be trying harder, it is doubtful if these companies have more than a few per cent of the market.

Beyond these dedicated offerings lies another stratum of companies purveying general purpose mini and micro computers on which word processing can be run using suitable software. Small companies entering any kind of computing for the first time should consider this approach on possible economic grounds. Typical suppliers include Acorn, Abacus, Commodore, Microsense (for Apple)—and there are many others.

The non-appearance of the Japanese in the market is generally felt to be due to the lack of a starting home-based market. Japanese characters almost defy processing although their engineers are known to be working on it. Any entry in the West can only be contemplated as a possible future shock.

The fate of the "big" end of the word processing business, the common logic/common storage multi-workstation system aimed at large organisations can only be getting less clear as more and more VDU stand-alone equipment appears with modern communications built in, allowing workstations, wherever they are, to share each other's stores of text.

Wang is rated by researchers IDC Europa as the installed base leader in the shared logic systems in Europe followed by Four Phase and AM Jaquard. Logica, a leading UK systems house, has been active in this field and has supplied a big system to British Steel.

The distributed, communicating network of stand-alone terminals will form the basis of the office of the future. But "transparent" public communications networks and protocal standards are needed first.

The latest addition to Olivetti's range of electronic typewriters is the ET-351. This desk-top word processing system is designed especially for secretarial use, to assist in automating all kinds of typed material. It has an interchangeable mini-floppy disk file storage with a 32-page capacity, a permanent memory for storing frequently-used phrases and formats and a 40-character entry and recall display

Views differ on what a system can achieve

PUBLIC SECTOR APPLICATIONS

DAVID CHURCHILL

BUREAUCRACY IS basically about circulating information on bits of paper. It is not surprising, therefore, that the public sector has taken to word processing systems with open arms and now local authorities, government departments, and nationalised industries embrace some of the largest word processing applications in the country.

But the current stringent economic climate is making public sector bodies examine even more closely the costs and benefits of word processing systems. The desire to use word processors is less to achieve a better standard of service (although this remains a primary aim), than to find ways of carrying out the routine bureaucratic work in the cheapest way.

However, a recent report from the Civil Service Department has cast some doubt on the viability of word processors. The report, based on trials carried out within the Civil Service, found that word processors were best used for standard letters and long reports where there is a need for substantial revision.

According to the report, word processors were justified in civil service operations when increases in typing productivity of between 43 per cent and 72 per cent are achieved. "Mean productivity improvements of this order were not generally achieved on the day to day work by the majority of operators during the trials," says the report.

"The results of the trials have not indicated any dramatic increases overall in typing productivity when using word processors for the generality of typing work," adds the report. "It must be concluded that, in terms of strictly quantifiable benefits to set against costs, there is no general cost justification for the use of word processors for the full range of work found in Civil Service typing pools."

Surrey County Council, however, has taken a different view. The council is in the process of installing one of the largest, and probably the most integrated, word processing systems in local government.

Surrey's decision to press ahead with a word processing system followed a feasibility study of the project. In economic terms, the study team had to determine whether any selected installation could significantly improve the service already provided, taking account of an increased workload, without increasing costs. If costs could be reduced then this would be regarded as a bonus, but the real need was to improve productivity.

The feasibility study came to the conclusion that the hardware was available to meet the council's needs and that the existing office structure should be retained.

Approaches

At this stage one of the objectives of the study was to consider which of the activities of the existing typing pool were best suited to a word processing installation. It had already been decided that no attempt would be made to carry out a rapid replacement of the existing system, to avoid wholesale disruption to the council's work schedules.

Also at this stage the council evaluated the different equipment suppliers. The decision to preserve a centralised system using a shared data base eliminated a significant proportion of possible suppliers who could suply only stand-alone word processor. Of the remainder, there were a number of different approaches ranging from a shared logic system which supported "slave" terminals to a system of stand-alone "intelligent" terminals which could communicate with each other.

The ergonomics of the chosen hardware was evaluated at length, with advice being sought from other local authorities, ergonomics experts, union representatives, operational staff and the council's own medical authority. Dtat Logic's Lexitron equipment was found acceptable to all parties and it was established beyond doubt that equipment was available which would meet the specification laid down.

The highest priority for implimentation was given to County Hall itself. The nmuber of terminals needed would be between 15 and 20, accommodated by mergin, five existing single bay offices into one.

The main office is divided into small operational groups, each group specialising in one or more aspects of the council's activities.

This was determined by the need to retain expertise in council procedures which is built up over a period by staff through close co-operation with a particular department.

In order to co-ordinate all forms of text preparation—typing, audiotyping word processing printing, reprographics and any other relevant techniques which may be used, the council has appointed a text preparation manager with operational managers looking after the various sections.

Following the council's decision to instal word processing systems, the four further educational establishments in Surrey and the police headquarters have all sought to acquire word processing capability using Pata Logic Lexitron units.

The housing directorate of the London Borough of Hammersmith and Fulham has installed IBM word processors to deal with the administration involving 15,500 council properties. Up to 15 different letters may be generated in connection with a single letting of a council flat or house. Since the content of these letters is highly standardised, the text is now stored magnetically, leaving the typist to insert only variables such as the address, personal salutation, dates, and details relevant to the accommodation.

Building specifications, relating to repairs and maintenance, generally cover from four to five pages while specifications for acquisitions and rehabilitations may occupy as many as 90. All basically consist of permutations of standard text in which only the figures vary.

With the IBM word processing equipment one operator can prepare 12 to 16 specifications in a day on an impact printer. If the work is stacked for the ink jet printer, the figure is likely to be nearer 30.

Training course

Apart from technical considerations, one reason for the selection of the IBM System 6 was that the company provides users with a complete training course recorded on diskette. This takes the prospective operator systematically step by step through all the information needed to use the machine. Graded exercises are displayed on the video screen and the system is interactive. In other words, the trainee progresses only when his or her responses demonstrate an understanding of the information presented thus far.

The housing directorate has now used word processing equipment for 18 months. Mrs Jean Browne, the directorate's principal administrative officer, believes that faster turnaround of work has been one of the key benefits. "We can give a same-day service on committee minutes and 24 hours for all work connected with letting. For the less urgent jobs, the longest people wait is 23 days. We could never hope to achieve anything like this when we used manual typing."

She also says that staff turnover has dropped sharply. "The operators like the machines and make good use of the opportunity to use their intelligence," she says.

Another benefit has been the availability of management information. With manual systems for example it was never possible to obtain full details on empty properties. Reports are now prepared regularly and without much additional effort. They also include many details —such as reasons for a property remaining vacant—that were not readily available before.

The housing directorate may eventually link its word processing system to the borough's mainframe computer — thus creating further opportunities for increasing productivity and the flow of management information.

The IBM Displaywriter, a desk-top information processing system with an ability to check spelling, using a built-in dictionary of 50,000 commonly-used words: additionally, up to 500 other words can be entered by the user for a particular profession or industry. The Displaywriter system is designed for ease of use, with instructions appearing on the screen in every-day English to guide the typist in creating, revising and editing documents. It is a highly modular system which can be expanded to meet the user's needs. Recent improvements include the ability to check basic mathematical calculations, as well as files processing

Americans set the pace in office automation

TRENDS IN THE U.S.

GUY DE JONQUIERES

IN WORD PROCESSORS, as in most other fields of business equipment and computers, what happens in the U.S. tends to have a major—if not indeed determining—influence on trends in other parts of the industrialised world.

The Americans have indisputably set the pace so far in office automation, leading in both the development of technology and its practical application. If the electronic office, built around an integrated information network, is to gain widespread acceptance it seems likely to achieve it sooner in the U.S. than in any other country.

Though rivalry among American suppliers of office equipment is intense the successful ones clearly derive a considerable international competitive advantage from the sheer size of their domestic market. By achieving high production volumes at home they can reduce the unit cost of their products to levels which many European companies find hard to match.

Estimates

According to Creative Strategies International (CSI) of San Jose, California—an American research house — about 343,000 word processors of all types were shipped in the U.S. last year. The majority, roughly 240,000, were electronic typewriters equipped with some electronic "intelligence" but without any display facilities.

Though electronic typewriters account for the bulk of volume display word processors dominate the market in terms of value. Another U.S. research company, Strategic Business Services, estimates that about 60 per cent of dollar sales are accounted for by word processors equipped with cathode ray tube (CRT) display screens.

Sales of display word processors have significantly exceeded industry expectations over the past two years. Increasing competition between suppliers and the falling cost of hardware have led to both a decline in prices and to improved features. Though most customers are bigger companies, substantial growth among smaller users is expected over the next few years.

More than 30 companies are at present supplying display word processors in the U.S. They include established office equipment manufacturers, mainframe computer companies, manufacturers of small business systems and microcomputer manufacturers.

In addition, Exxon Information Systems, part of the Exxon oil group, has entered the field through its word processor subsidiary Vydec. Exxon also sells electronic typewriters and facsimile machines through its affiliates Qyx and Qyp.

Market leader

No single supplier can claim to dominate the industry, and mainframe and microcomputer manufacturers generally rank fairly well down the list. Even the mighty IBM accounts for less than 10 per cent of unit sales—a much lower share of a market than is normal for it.

The market leader is Wang Laboratories, which accounts for about 15 per cent of all types of display word processors. Wang is particularly strong in sales of shared logic systems—in which several terminals are linked to a central computer—taking almost 40 per cent of the market.

Wang owes much of its success to its ability to identify new markets and to move in decisively with aggressively priced and versatile products. Its first shared-logic system, launched in the early 1970s, caused an upheaval in the industry. Priced at only $8,000 a terminal, it undercut comparable systems by as much as 60 per cent.

Wang, which also makes minicomputers and small business systems, has been able to keep its costs down by restricting its production to about only a dozen units. These are assembled in varying configurations to make up different systems. The company, which had sales last year of $543m, is also unusual for its size in having its own worldwide distribution network.

The leader in the stand-alone —or self-contained — word processor market is Lanier, also a relatively small company. It is estimated to have between 15 and 20 per cent of the market. Lanier has an equity interest in AES Data of Canada, some of whose products it sells in the U.S.

Sales of stand-alone machines, measured by both volume and value, are roughly twice those of shared-logic systems and account for roughly two-thirds of the total market. Because of their lower cost and simplicity sales of stand-alone word processors are expected to expand faster than those of shared-logic systems. CSI forecasts a compond annual growth rate of more than 50 per cent between 1980 and 1985.

Last year the stand-alone market was given a powerful boost by the introduction of two new machines, the IBM Displaywriter and the Wang Wangwriter. Both were launched at U.S. prices of less than $8,000 and together have set a new standard in combining low price with high performance.

The Displaywriter is particularly versatile, offering novel facilities like an electronic dictionary which automatically checks spelling and allows the possibility of being connected to a communications network. The Wangwriter is slightly less sophisticated but is priced at about $500 less.

Radical change

For IBM the Displaywriter represents a radical change in policy which seems certain to have important consequences for its competitors. Though the company remains strong in automatic typewriters, it has never achieved its customary market share in word processors. Its two existing systems, the OS 6 and 5520, are considered to offer only very average perofrmance for their price.

The launch of the Displaywriter, which underlines IBM's increasingly aggressive marketing stance in other sectors of its business, is clearly intended to change that. The machine is apparently aimed at both big corporate customers who already have sizable word processing installations and at new users.

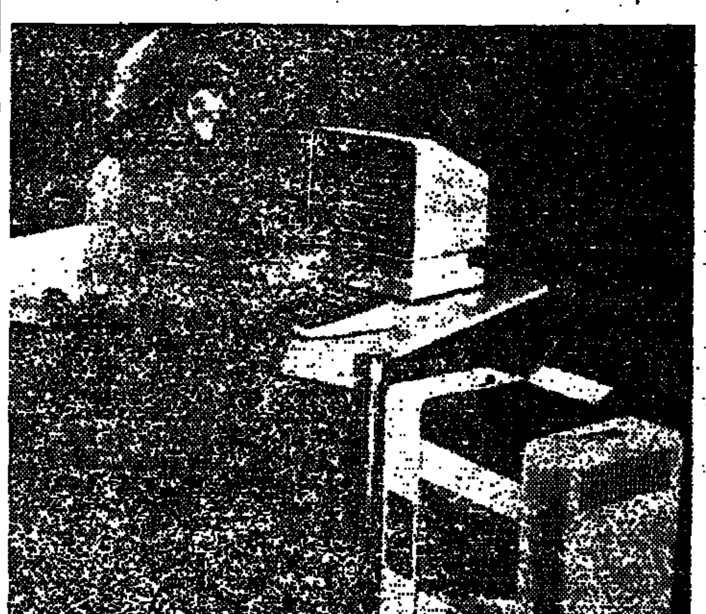
Some people in the industry have speculated that IBM's strategy extends much further. Strategic Business Services has suggested that IBM sees the Displaywriter as the core of its approach to the future automated office and believes that the company aims to link together thousands of Displaywriters in a communications network provided by Satellite Business Systems, in which IBM is a partner.

The Displaywriter represents a new departure in other ways, which may not be welcomed by all customers. Software packages for it are sold separately and the user must set up the machine himself, without the benefit of the support which IBM has usually offered to purchasers of its bigger systems.

Another significant new product announced recently is the Star terminal from Xerox. The fruit of 10 years of research into office automation, Star is designed to perform data, text and graphics processing with a heavy emphasis on ease of use.

One of its innovations is a control called a "mouse" — a small module fitted with a rotating ball on its underside. When moved across a desk, the "mouse" activates a pointer on the screen. To select different functions on the system the user need not type in instructions but merely align the pointer with the appropriate diagrammatic emblem on the screen and press a button.

The Star is designed to be linked to Xerox's local communications network, Ethernet, as well as to long-distance communications lines. Priced at more than $16,000 in the U.S., it is aimed initially at a fairly restricted market of professional users. But its commercial impact will be studied closely by the industry as a test of customer response to advanced office terminals.



The Wangwriter is the first in the newest family of Wang text processing systems. Pricing for the workstation, keyboard, printer console and software begins at $7,500

The six key qualities of an efficient operator

STAFF TRAINING

DAVID CHURCHILL

THE SUCCESS of a word processing installation can stand or fall by the training given to the machine operators. Unfortunately, training is one of the less glamorous sides of the computer business and is often given insufficient attention by both suppliers and customers. Suppliers want to sell on the advantages of their computer hardware or software, while companies are attracted by the hoped-for improvements in productivity and cost savings.

However, it is the degree of training of word processor operators that is often given scant attention. The picture, however, may be changing as companies come to realise that the machines by themselves can do nothing: it is how they are used that is all important.

Not surprisingly, an increasing number of companies are now providing specialist training facilities for word processor operators in addition to that provided by the manufacturers. Pitmans, for example, which has for long had a major interest in secretarial life through its shorthand systems, now provides comprehensive training schemes for word processors.

Many other secretarial colleges and business schools also offer training in word processors. Suffolk College, for example, is the largest educational establishment in Ipswich and has a strong business and management studies department.

When it decided to offer word-processing training it also bought a machine—Data Logic's Lexitron VT1303—on which to train its students.

Janet Allebone, the senior lecturer in computer sciences at the college, says that intake to the various courses using the machine are "noticeably role defined by earlier educational processes." She says that "girls particularly seem to be deflected away from computing as being 'too mathematical', which is certainly untrue, while boys are reluctant to practice using keyboards." This makes the level of competence for boys a long way below that of most girls.

The qualities nded for a good word processing operator include:

- Fast, accurate typing: a two-finger typist can use the processor but would be inefficient in terms of the machine's capabilities.
- Interest in machinery: an operator with this interest will usually be inclined to use the machine as efficiently as possible.
- A logical mind to solve particular problems and perform tasks.
- A high degree of concentration, to cope with the noise and distractions in a large word-processing installation.
- Transcribing ability: an operator needs to be able to transcribe from longhand or audio with accuracy.
- Good language skills: the operator needs a good vocabulary, an ability to spell correctly, to punctuate, and to recognise grammatical errors.

Categories

Pitmans says that the introduction of word processors may separate traditional secretarial work into two categories—typing and non-typing. The word processing centre will be the focal point for typing duties. Word processor operators, with juniors to back them up, will control the machines, produce new documents, amend or complete existing filed documents and work with the senior word processing operators in finding efficient ways of using the machines fully.

In charge of the centre would be a supervisor who establishes the work procedure and is in contact with management.

On the other side will be administrative secretaries responsible for normal correspondence, filing, reception duties, as well as clerk-messengers and personal assistants.

The Civil Service, which has carried out extensive trials of word processings systems (reported elsewhere in this survey), also has provided detailed comments on how its operators were trained.

All the typists taking part in the word processing trials were given the normal training provided by the manufacturers—usually three to four days—and this was supplemented with periodic site visits by repsentatives from the suppliers.

The majority of typists, although generally satisfied with the quality of the training, felt that the length of training was insufficient and that there was a tendency to cram too much into a few days. In consequence, when they returned to their offices after training some of them were confused even on the more basic functions of the systems. They would also have found it useful if the training had been more orientated to their customary work.

Many of the typists found the operators' manuals provided for their machines were difficult to follow, because the style of presentation was too technical. They would have preferred a simpler more readable style.

The effectiveness of word processing training appeared to be related to the age of typists. Generally, younger typists found it easier to learn from the current method of training. Older typists often found it more difficult to assimilate verbal and written instructions quickly, and for them training based on a greater degree of "on the job" learning was needed.

The Civil Service report on the training systems suggests that "a more suitable training programme would consist of initial training lasting a few days, learning to use the basic functions and facilities of the system without being confused by the more sophisticated uses, followed by about four to six weeks work back at the office consolidating that training."

Further training, it is suggested, should then take place, to review the fundamentals and to learn the more sophisticated uses of the system.

"Familiar documents and types of work should be used in the training process whenever possible and training representatives from the suppliers should visit sites as necessary," the report adds.

With the high level of unemployment at present, the trade unions not surprisingly adopt a cautious attitude towards word processors.

One of the largest trade unions with members affected by word processors is the Association of Professional, Executive, Clerical and Computer Staff (Apex), which has some 140,000 white-collar members.

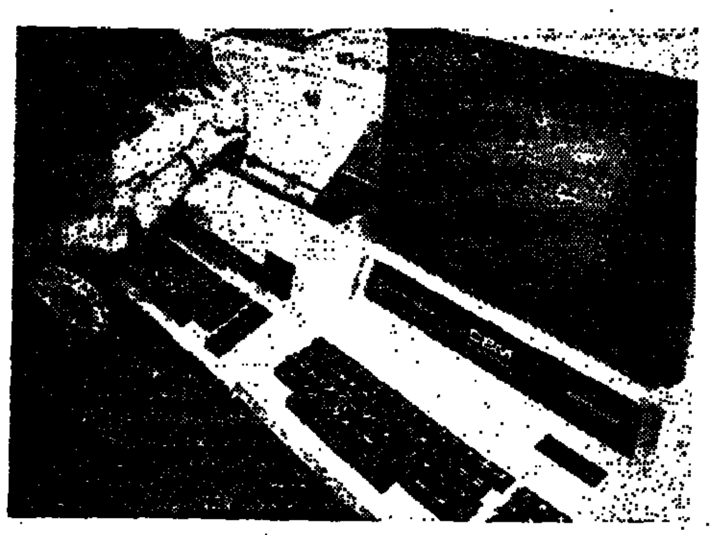
Apex is particularly worried by companies that are using the recession to cut staff and replace them by new technology.

"In the office sector, the availability of lower-cost products and production processes, and especially computing and word processing facilities, which promise immediate reductions in the wage bill, encourages companies to speed up the implementation of new systems," says Apex in a recent report.

"Wholesale redundancies are justified by management who point to falling order books and high interest rates. Labour is therefore shaken out in advance of, or concurrent with, the introduction or extension of labour-saving technology."

The Apex technology committee has recently drastically revised its estimates of the unemployment effects of new technology. It believes that automation of staff jobs is now likely to have its impact more in the first half of the 1980s than in the second half.

In 1979 Apex estimated that there would be a fall in office jobs of a quarter of a million by 1983. This now appears to have been a conservative estimate, says the union — "a job-loss in the region of half a million by 1983, due to new technology, is more realistic."



Word processing with the Commodore Super PET 8000 Microsystem, manufactured in West Germany. The PET microcomputer series has 44,000 users in Britain, with more than 300 off-the-shelf software programmes, plus hundreds of tailor-made applications. A single word-processing unit, together with floppy disk unit, printer and software can start from around £3,500

A variety of new techniques

PRINTING SYSTEMS

GEOFFREY CHARLISH

ON FIRST consideration, the humble printer might well be thought of as the least significant and exciting component in a word processing system. It comes at the end of a chain of keying, logic, memory and display and the operator has relatively few dealings with it.

In reality, the printer falls into the "last but not least" category: it is responsible for the reliable flow and quality of the paper output and in some applications may well be producing the first pieces of paper by which a company will be judged by its customers.

Word processing has sprung, of course, from computing where for many years only the mainframe manufacturers made printers—for dealing with the vast output of paper ranging from gas bills to financial reports. But independent makers soon appeared who, since they could specialise, often produced better machines at lower prices. Today, there are some 75 suppliers listed in the *Computer User's Yearbook*, although the number of actual manufacturers is much lower.

Printers nowadays are very much a matter of horses for courses. For example, the very fast but probably noisy line printer that might be appropriate in a computer room would clearly be a nonsense in a solicitor's office. In any case, newer non-impact techniques such as laser and ink jet are coming on to the market and where the cost can be accepted they have a great deal to offer in terms of speed, silence and in particular an extraordinary level of flexibility.

Matrix devices

Less costly but somewhat slower methods print a character at a time like a typewriter. The so-called matrix printer is one ofe the commonest types, with each character composed of a 7×5, 9×7 or more recently, a 24×12 dot matrix. The dots are made by the ends of thin rods, each actuated by a tiny solenoid in appropriate combinations to give an alphabetic or numerical character as the head moves across the paper.

Recently such machines have started to become "agile" under microprocessor control: the head moves in either direction and skips over blank passages in the text to increase overall printing output. The micro continually examines the machine's solid state buffer store to determine where the head should move to next. Speeds of several hundred characters per second are achieved.

The problem with these matrix devices from the word processing point of view is that they produce a visibly dot-structured pattern and yield letters to customers for example, that do not look as if they have been typed: they look "computerised."

The typewriter itself, particularly in the "golfball" versions, maintains letter quality through solid character-by-character impact printing and can be acceptably fast. IBM's electronic typewriters at the top of the range amount to minimal-facility word processors. The "golfball" print head rotates and tilts at the same time to present the key-chosen (or logic chosen) character to the paper. Founts are changed simply by slipping on a different golfball.

Recently, devices have started to come on the market which allow owners of ordinary golfball electric machines to use them as workstations feeding word processing computers and conversely, to act like a computer output printer.

It is interesting, too, that both IBM's and Olivetti's sales of top-end electronic typewriters/word processors are known to be rapidly rising. Apart from their low cost there is no doubt that office staff see them as "familiar."

Clearly, to be able to provide typists with a machine that looks, and to some extent behaves, no differently from the electric typewriter they are already using is an important persuader in the efforts of companies to get their staffs to accept word processing.

With the advent of small business computers and then word processors the search started for new techniques to reduce cost, cut noise, reduce weight and size and improve print quality and reliability.

One result was the so-called "daisy wheel" printer in which a solid fount (character set) is carried at the ends of radial webs, usually of plastic, round the full 360 degrees of a wheel. This "daisy" wheel has low mass and so can be rotated and actuated at high speed in the correct position for each character impression. Founts are rapidly changed by changing wheels. The printer's output is indistinguishable from conventional typing and sometimes is better.

A considerable proportion of the printers used with stand alone screen-based word processors are either the Diablo or Qume brands, although the Japanese are beginning to make an impression.

Speeds of daisy wheel printers are up to about 60 characters per second and prices are roughly in the £1,000 to £2,000 bracket, although discounting can be significant.

Probably most people in offices, where the majority of word processors will be located, would prefer not to have the noise of impact printers at all. However, they have the advantage of being able to produce several copies at once and at the moment are much cheaper than the electrostatic, and the more recent laser-based and ink-jet devices.

Xerography can be used to charge up ordinary paper with character patterns, after which the "toner" particles stick to the charged areas and are then heat-fused to the paper surface. Recently, paper-width electrostatic heads with speeds of 18,000 lines a minute have appeared.

In the forefront of the technology — but at the moment unlikely to be attractive to other than the very largest word processing operation — are the laser and ink jet techniques. IBM, ICL, Rank Xerox, Siemens and Univac can all offer such systems and they work at speeds up to 25,000 lines/min. But prices are in excess of £150,000.

When word processing is joined by "graphics processing" these systems, and ink-jet printing, will become rather more attractive.

The reason is that they are able to make any kind of mark on paper at extremely high speeds. Because it is an inertialess light beam, the laser "pen" can be moved at will. In the Xerox 97000 for example, the beam is scanned in horizontal lines by a rotating prism across a moving photosensitive belt on which the latent image becomes impressed in the form of an electrostatic charge. Tone is applied and the image transferred to paper by heat contact.

The ink jet system is more direct. It works by releasing tiny accurately formed drops of ink which are immediately deflected by an electric field to virtually any desired spot on the paper.

For the time being most word processor users will find themselves using a serial printer—one that makes characters one by one, usually by impact, the principal choices lying between some kind of typewriter head, a dot matrix head, or the "daisy wheel." They offer a good compromise between price, reproduction quality, speed, lifetime and reliability.

But the novice should note that it is not possible to connect any printer to any processor. Some supplying companies are liable to use special interfaces to try to ensure that their own, designated printers are used.

The next stage will be electronic mail systems

THE OFFICE OF THE FUTURE

DAVID CHURCHILL

WHAT ROLE will word processing play in the office of the future?

The answer quite simply is that word processing will form the base for most further expansion in electronics in the office. If the new generation of word-processing systems now being installed in offices prove successful, then expansion into other forms of electronic information processing will inevitably follow.

However, if companies become disenchanted with word processors — because they fail to understand how to use them properly — then the advent of the electronic office may be set back by decades.

The case for the development of office systems seems incontrovertible. The average investment for a worker in manufacturing industry is about £12,500, for an agricultural worker the investment rises to some £17,000 — but the average officer worker only has less than £1,500 investment related directly to his job — and that includes his desk, chair and share of the coffee machine.

At the same time, Britain is rapidly moving away from manufacturing industry towards a service economy in which the private and public sector office workers gradually grow in importance.

However, as the amount of information increases by leaps and bounds, so the job of processing that information becomes more difficult and calls for sophisticated electronic help.

Inevitably, the technology available is some way in advance of the willingness of companies to use it. This is why successful word processing installations are so important at present.

Probably one of the next developments of the word processor is in using it in conjunction with an electronic mail system.

Electronic mail is a generic, rather than specific term. It covers a wide variety of methods for transmitting different types of documentary material. But, clearly, if it is to develop in a way that will benefit the maximum number of users, measures must be taken to ensure that as many different terminals as possible can communicate with each other in mutually intelligible languages.

Few word processors are at present employed in an electronic mail role, but current machine developments have produced the ability to talk "machine to machine."

Logical step

Using word processors of electronic mail is a logical step, since word processors already operate by translating written communications into an electronic format. It therefore only involves a small additional step to transmit them to the addressee, electronically.

Such a system is already under way, with the backing of European postal authorities, under the title "teletex."

This is similar to telex, but with the important difference that word processors will be used rather than telex terminals.

A typical teletex terminal would resemble closely a word processor equipped to communicate with other machines across a telephone line (although some of the more sophisticated electronic typewriters could also be used).

A bright future for teletex is foreseen by Mackintosh Consultants, who analyse the electronics industry. It forecasts that teletex traffic will start growing rapidly within about the next few years and that volume will reach 4m items a day in Western Europe and 2m items a day in the U.S., by 1987. By then, it expects teletex to have eclipsed telex as a means of transmission.

Teletex has numerous advantages over telex. It is quicker, printing up to 300 characters per second and therefore more economical on transmission time. That means less congestion and lower communication costs. It also offers more versatile editing facilities, clearer character reproduction, and a lower error rate than telex, while operating less noisily.

Teletex can also be developed into a vehicle for carrying more than text. It can be equipped to transmit images through the addition of facsimile transmission and reception facilities. This would also permit the transmission of text which already exists in document form without having to "key" it into the terminal from which it is transmitted.

Another key piece of office equipment in the future could be the text-and-graphics terminal. This device will enable documents to be created which contain graphics as well as text. Such devices are already in fairly widespread use in the printing industry and improvements are already being developed.

Optical disc technology, which is undergoing rapid development, will also lead to the appearance by the middle of this decade of electronic equipment offering very large capacities for information storage and at a relatively low cost.

Voice communications will be improved by the development of voice "store-and-forward" systems which will initially be for internal communications, but later they could be used externally via the telephone lines. This service would enable a user to dictate a message into the telephone system for later delivery to the receiver.

Full voice recognition is expected to eventually be developed to enable data entry via the spoken word rather than the keyboard. Some Japanese manufacturers are already developing a "voice-entry" keyboard although it is likely to be some time before it becomes commercially feasible.

The key to the development of office equipment in the future will be digitisation of all forms of data. This means that in future it will be possible to integrate all types of information — the spoken word, data, printed words and images —into the same form. It will become possible to carry them all as binary digits in "packets," each of which will be addressed to a destination and will embody a code enabling them to be unscrambled when they arrive.

It is therefore possible to imagine two people at remote locations sending each other mesages made up of text and diagrams, accompanied by spoken commentaries. The information "packets" could even contain television transmissions, so that the recipient could see his correspondent as he spoke.

There are some four stages of "full" office automation, according to business consultants operating in this area. These are the stages of initiation; expansion, formalisation, and maturity.

Initiation is the stage when the user sees the benefits of new systems and begins to acquire it. Expansion is obviously the period when, after initial suspicion, the systems are accepted and extended. The period of formalisation sees a growing awareness of the inherent possibilities in automating tasks at present carried out separately.

Whereas during the first two phases, the equipment was only applied to the routine and mostly structured activities, during the third phase it is possible to be aware of how to automate the less-structured activities.

The final phase is that in which mangers at all levels of the organisation will have the opportunity to delegate aspects of their work to automated systems.

The UK is estimated to be still in the initiatory phase (while the U.S. is in the second expansionary phase), but phase two could start in Britain in two or three years' time.

For large volume word processing and office automation, Wang's OIS/140 supports up to 32 devices, including 24 workstations. Storing up to 32,100 pages on the largest of the three available models, the OIS/140 accommodates an optional 5MB disk to facilitate archive filing. An additional optional disk, equivalent in size to the master, permits back-up and increases archiving capacity, while improvements such as telecommunications and Basic programmability gives the system great versatility

More than 10,000 visitors attended last year's International Word Processing Exhibition. This year's event, the sixth and largest, opens on Tuesday at the Wembley Conference Centre, London, and is claimed to be Europe's premier specialist event in word processing. During the show (June 23-26) there is a conference programme of quarter, half and one-day seminars, structured on three parallel streams. Topics range from introductory issues for those considering buying WP systems to broad reviews of special relevance to general services managers. The exhibition is organised by the Business Equipment Trade Association; the seminars are arranged by Online Conferences

هكذا من الأصل

Anatole Kaletsky reports from Tel Aviv on how to live with 130 per cent inflation and a massive trade deficit and defence budget

Israel's amazing economic balancing act

A TINY country, poorly endowed and badly governed, living hopelessly beyond its means and careering towards inflationary disaster as it finances a war which it can never win by printing money which it can never earn? Or a nation of infinite resource and enterprise, capable of surmounting every military, economic and natural obstacle in its struggle to turn a patch of wilderness into a promised land?

It would be wrong as well as hackneyed to say that the truth about Israel lies somewhere between these two extremes. Rather the Israeli economy seems to exist simultaneously at both ends of the spectrum of success.

The country is certainly in an economic mess, with inflation firmly established at around 130 per cent a year, a trade deficit running at 18 per cent of GDP, a defence budget equivalent to 25 per cent of national income (though much of it is financed by U.S. aid) and an import bill that absorbs a further 11 per cent of GDP.

At the same time, however, the Israelis are boundlessly confident of their ability to cope with these horrific pressures. Indeed, many believe that they have done so already. They point to the improvement in the country's trading position last year, despite a 50 per cent increase in its fuel bill and a 40 per cent rise in defence imports (both valued in dollars).

"A country that can increase its exports by 20 per cent in a year of world recession, which can export half its industries' production and can cut its deficit in real terms when the oil price doubles, must be fundamentally viable." These words of Mr Arnon Gafny, the governor of the Bank of Israel are echoed by businessmen, politicians, bankers and trade unionists and civil servants all over the country.

All this would be of little moment to the rest of the world if it were not for the fact that Israel's economic performance is intimately intertwined with its foreign policy and military adventures.

Of more immediate relevance are the widespread hopes that Mr Menachem Begin's economic incompetence over the past four years would persuade the Israeli electorate to choose a more circumspect and technocratic leader when they go to the polls on June 30. If these hopes are disappointed, it will be not just because of Mr Begin's consummate success in distracting attention from economic issues in the election. For the Israeli economy looks much less awful when viewed through a microscope, from the local electors' perspective, rather than through a telescope, from the distant vantage point of the outside world.

The fly in the ointment is, of course, inflation. But if there is a consensus on any economic issue in Israel, it is on the fact that a country can arrange to live quite comfortably with an inflation rate of well over 100 per cent. Nobody, not even in the Bank of Israel or the private banks, is in favour of really draconian measures aimed at bringing inflation rapidly down to a level which would be regarded as tolerable in other developed countries.

The first thing that everybody in Israel says about inflation is that it is not 130 or 150 per cent, but only 10 or 20 per cent. The reason for the difference is the system of universal indexation, which links wages, interest rates, social security payment, taxes, rents and even prices in contracts between businesses, to the cost of living. The Bank of Israel also devalues the shekel continuously against the dollar in line with inflation to maintain the competitiveness of Israeli export industries.

ISRAEL'S BALANCE OF PAYMENTS

$m	1975	1977	1978	1979	1980
Exports of goods and services	4,023	5,871	6,960	8,540	10,362
Imports of goods and services	8,038	8,433	10,330	12,424	14,194
of which: defence	1,846	1,099	1,623	1,233	1,725
fuel	638	738	775	1,406	2,116
Deficit on trade in goods and services	4,015	2,562	3,370	3,884	3,832
financed by long-term capital imports	3,325	2,782	3,566	3,681	4,266*
Basic balance of payments	−690	+220	+190	−202	+434

* TOTAL CAPITAL IMPORTS FOR 1980 $4,266m, of which: U.S. grants $1,454m; net U.S. Government loans $797m; German restitutions $468m; transfers by institutions $501m; transfers by persons $548m; net direct investment −$51m; other loans and transfers $549m

Source: Bank of Israel

The most powerful argument for taking steps against inflation rests not on its present impact but on the danger that, as Mr Gafny says, "if inflation cannot be reduced, then it cannot be stabilised and will eventually accelerate out of control."

The strongest proponent of this view is Professor Ezra Sedan, director-general of the Ministry of Finance. "Right now we can laugh in the face of the whole world and say we haven't got 100 per cent inflation—the real economy works as if inflation was only 10 per cent. We need a few more employees in the bank and we waste our time on hedging operations, but this is not a heavy cost, maybe 3 per cent of GNP. If inflation continues at 100 per cent, we could live with it for many years. The trouble is that our inflation is being accelerated by the same factors as everywhere else. As inflation gets faster, the indexation interval will contract. Before we get to infinite inflation the structure will collapse and it could take the whole country with it. We are playing a game of brinkmanship with a toy that nobody has ever tried before and it just depends how smart we are.

"I don't feel smart enough to do it, but I can't explain the risk without taking the chance of bringing the crisis nearer. Unfortunately, inflation is a political issue."

Last year the Begin Government seemed to start taking this kind of warning to heart and embarked on a programme of controversial public spending cuts, accompanied by tight monetary control. But in the run-up to the election, Government policy has been abruptly reversed. The conviction is now that cost reduction through subsidies and "supply side" measures such as indirect tax cuts, will simultaneously combat inflation and stimulate the economy. The tax cuts and subsidies will not increase the the budget deficit, supporters of Mr Begin's Likud Party insist.

The present Energy Minister, Mr Itzhak Modai, puts it like this: "The finance ministry is trying to find whether a new balance between taxes and spending will work. If it does, the budget deficit will not increased.

But if the balancing act does not work?

"When you have a plan which you want to succeed you do not take into consideration the possibility of failure."

The Labour Opposition's economic policy is more conventional. Their candidate for Finance Minister, Prof Haim Ben Shahar, like Mr Gafny, is convinced that neither demand deflation, nor cost reduction, can arrest inflation without an incomes policy If all three were applied simultaneously, Professor Ben Shahar believes — along with most members of Israel's economic establishment —that a gradual reduction of inflation could be achieved without creating excess unemployment or stifling economic growth.

In fact, although the emphasis varies, most responsible Israelis reject the idea that the country's inflation is a symptom of a much deeper economic disease—the inability of the country's economy to support a comparatively high standard of living on top of an enormous defence budget and an ever-increasing oil bill.

There are three sets of reasons for this relatively relaxed attitude.

The first reason is simply that the Israelis have no choice. The defence budget is not quite a sacred cow—Labour is determined to make economies in it as was Mr Begin's last Finance Minister—and Mr Begin's lavish spending on Jewish settlements in occupied areas is widely criticised. However, as Mr Eli Cohen of the Israeli Discount Bank puts it, "We may have the world's highest spending per capita on defence. But per capita of the enemy our spending is probably the lowest in the world."

There is also perceived to be a constraint on the other, revenue side of the budget. The Government cannot raise taxes as this imposes too sharp a squeeze on employment, on the standard of living, or even on the rate of economic growth, because it wants to attract Jewish immigrants. In the past few years there has been a net migration out of the country for the first time. To policy-makers this is totally unacceptable. As one banker said: "We are a Western developed country and a democracy. We need the same kind of skilled workers you need in Europe and America. In the long run, we have to provide our people with a comparable living standard to yours."

The second argument for optimism about Israel's long-term prospect stems directly from this. The emphasis in the economy has advanced from agriculture to, textiles, light engineering and chemicals in the past. The Government has been making great efforts for much of the past decade to shift the balance again, towards "knowledge intensive industries." Starting with a solid base in the defence sector, and a high concentration of relatively cheap skilled manpower, Israel has done remarkably well in fields such as electronics, medical engineering, and pharmaceuticals.

A programme of generous incentives for research and development bore fruit in 1980 with $1.15bn worth of exports based on Israeli R and D. This compares with $20m in 1973.

If it were not for the political and economic imperative, such technological programme might never have taken place. As Mr. Buma Shavit, chairman of the Manufacturers' Association, says: "If we could still do business with our neighbours we would be selling kerosene lamps to Arabs instead of computers and body scanners to the Germans and Japanese."

But unfortunately, Israeli's impressive export record is not a reflection of general industrial efficiency and productivity growth. While productivity grew at 6 per cent during the 1960s, it has faltered since then with an average growth rate of only 1½ per cent since 1972. Unless that trend can be improved, all the export oriented scientific developments will not make up for the relative decline of domestic industries.

Until that trend is reversed, there will be only one conclusive argument on which Israel's optimists can rest their case. The trade deficit, the defence burden and the inflation which they help to feed will never reach crisis proportions because Israel will never have difficulty in raising money abroad.

In the past, Israel's ability to borrow long-term money on good terms in the Euromarkets, despite a level of indebtedness per capita well above Poland's, was a reflection of its untarnishe record of debt servicing, of its export performance, and of the favourable structure of its borrowing: even in 1975 and 1979 it required little in the way of short-term borrowing to finance its balance of payments.

Ultimately, however, Israeli bankers acknowledge that its credit rating is dependent on the support it receives from the U.S., from Germany and from world Jewry as a whole. Without these long-term loans and transfers (see table) the Israeli economy could not long continue along its present path. In particular, there is an unquestioned assumption among all observers — that the import element of the defence budget will continue to be wholly financed by the U.S.

Perhaps the biggest question about Israel's long-term future is whether pressure from the U.S. will be applied to force the country to change its foreign policy stance. If so, then Israel will either have to comply or learn to stand genuinely alone and tighten its belt.

Letters to the Editor

Democracy in Korea

From the Press Attaché, Embassy of the Republic of Korea

Sir,—Your article on the "Political Scene" of Korea, by Mr Richard Hanson, in your June 5 issue, not only conveyed a wrong picture of Korea today but also revealed a considerable amount of arrogance and poor taste by putting in a highly sarcastic and derisive tone the [illegible] of 38m people and their elected President striving for stability and increased democracy.

The caption of the article—"Ex-General Sets Up All Trappings of 'Democracy'"—together with a picture of students tied by rope and led by soldiers set the whole tone of the stories in order to grossly mislead your readers.

It was a fact that we had a national crisis just a year ago following the tragic assassination of our President, political near-anarchy, student demonstrations jamming all the traffic, and the Kwangju incidents, all coupled with the sharp deterioration of economic conditions.

What we have achieved in a space of one year after this turmoil is a remarkable measure of political stability and the regaining of economic momentum. In a period of one year, we have mapped out a new constitution, including a single term of presidency, far more liberal and democratic by every critical standard than the one which it replaces, and then we have had a referendum which overwhelmingly approved the new constitution, followed by presidential and National Assembly elections which even Mr Hanson has described as the most honest ones in recent Korean history.

There have been sweeping reforms, political, social and economic, which have to accompany restricting a considerable number of our fellow citizens whose presence in the key positions could not go together with the ideals of the new era. While these reforms inevitably include some arbitrary aspects, it is precisely the popular approval of these reforms which makes the transition so much more stable and renders the new leadership new credibility.

If a liberal constitution with a single term of office for the president, and orderly and honest elections are just trappings of a democracy as Mr Hanson has pronounced, what is the democracy which Mr Hanson has in mind? Has he a Westminster type in mind for the only democratic system and does he mean to say that any variant of this is a farce?

We are in no way self-complacent of what we have done so far. But to picture our political scene today, it is only fair to us Koreans and to your readers to present how far we have fared since our bleakest period just a year ago, and not to deride how far we are short of your standard of democracy which may be less relevant to us.

Your picture of the students led by soldiers at the time of Kwangju is also utterly irrelevant in the context of the present political scene in Korea, because most of these students have been freed by the repeated amnesties of the Government.

Your depiction of our elected President in coffee shop jokes, insinuating a constitutional process of presidential election as a "slow coup" is a piece of poor taste journalism. One fundamental mistake in a story like Mr Hanson's is to assume that any elections or referendum that the Government like that of Korea enforces are rubber stamp. It is dishonouring the highly proud and discerning people of Korea who make judgments through these elections as well as their leaders who are chosen by them.

Chan Yong Lee.
4, Palace Gate, W8.

Poor little dicky bird

From the Warden of Glasgow University

Sir,—Have you noticed how quiet it's gone? Nine months ago one could scarcely switch on the radio without hearing a procession of company chairmen groaning and wheezing their last on whatever public platforms they could find. The new year brought to the London stage the pantomime version of Sweeney Todd, with a cast of thousands and the leading roles played by members of the board of ICI.

Now, when naphtha is being given away to anyone who can bring his own bucket, when MLR has dropped five points, when the inflation rate is down by a third, when the sterling exchange rate has dropped neatly into the bracket for which exporters were pleading, and a once-and-for-all opportunity to reduce swollen manning levels has been grasped by employers, what do we find? Each blushing dawn should be greeted by exaltations of ecstatic company chairmen trilling their little hearts out with gratitude for their good fortune. Instead, not a dicky-bird.

Is it too much to expect that one of our previously voluble captains of industry will start the ball rolling by climbing out of the nest, taking a deep breath and whistling manfully. We would all just love to hear the first cuckoo of spring.

Dr A. Scotney.
Dalrymple Hall,
22-26, Belhaven Terrace,
Glasgow.

Rule by the people

From Mr K. J. Patterson.

Sir,—Robin Pauley, in his article on the inevitable constitutional battle between the Government and local government (June 15) makes some strange points.

He says that "commerce and industry . . . (have) no say at all in the way expenditure decisions are reached because (they are) disenfranchised" (Mr Pauley's English is as suspect as his argument). In this country we have democracy, rule by the people, rather than plutocracy, rule by the rich. Industry and commerce are not "disenfranchised"—not being "people" they cannot have votes in a democracy. Their owners, those people who work in them, those who manage them—all have votes in local elections. That the Government wants the end of local democracy is becoming very clear, that your columns should apparently support this is surprising.

On local governments' "overspending" the difference in performance of local and central Government is so striking as to totally undermine the Government's position. How many Government Departments get within 2 per cent of their total spending targets as local government, year in and year out, does? Even in the last year (1980-81) the final spending will be within 1-2 per cent of the targets set and if the Government regards that as a "complete failure" (Mr Pauley's words) how do they describe their own disastrous financial performance?

It should be remembered that local Government expenditure has fallen by 16 per cent in real terms since 1974 central government expenditure has been and is still rising. Central government does not seem able to control its own spending; it takes time to change long term spending plans and indeed much Government spending cannot be avoided. To deflect criticism from their own failure the Goverment attacks local government.

Poor arguments, backed up with much shouting and raving, will not make good legislation. There are those in the Civil Service and elsewhere who want the end of local democratic goverment. If central government kills off local government, power will pass away from elected members into the hands of the unelected. The efficiency and democracy of local government will be sadly missed if Mr Heseltine has his way.

K. J. Patterson.
County Councillor.
West Yorkshire Metropolitan County Council.
34, Grove Lane, Leeds.

Tactics at British Gas

From the chairman, British Gas Corporation.

Sir,—The implication in your leader today that the trade unions have management's tacit support for strike action in defence of British Gas retailing activities is totally unfounded. The unions know that the management is dedicated to the maintenance of service to our customers; indeed, I would wish to point to the fact that public services have been fully maintained during the long period since the Monopolies and Mergers Commission reported last year following a reference made in December 1977. We have made this view clear to all employees—in the newspaper your Energy Editor refers to in his article, and by other means and it says a great deal for the dedication of our employees, that they have responded so far to that stimulus.

It is not true that we have used the threat of industrial action as an argument against implementation of the Monopolies Commission's options. What we have done is to make it clear to Government that we believe the threat of industrial action in circumstances detailed by the trade unions to be real, notwithstanding the moderation that has been shown so far. Any decision to use industrial action will be solely that of the trade unions involved.

Finally, can I make it plain that the Corporation's opposition to the ending of the Corporation's retailing activities is in order to protect, first and foremost, gas customers' interests. I should also add, in view of the direct attribution in much of the Press to myself as the source of resistance, that the board of the Corporation, both full time and part time members, is not divided on this issue. It should be a matter for sober reflection that six of the board members are external to British Gas and have extensive experience and proven records of achievement in other sectors of the economy.

(Sir) Denis Rooke,
Rivermill House,
152 Grosvenor Road, SW1.

Central incompetence

From Mr Tyrrell Burgess

Sir,—Robin Pauley says (June 15) that the new block grant "required extraordinarily complicated legislation which was raced through Parliament before anybody, including the Ministers, appreciated its full implications."

This argues outrageous incompetence on the part of Ministers and their civil servants. Unfortunately it is characteristic of modern government. Every demonstration of its inadequacy provokes it to seek further powers.

The issue of local government finance is no longer a technical one, nor even a question of alternatives to rates. It is whether we allow central government to go on accumulating more and more power to spread is growing and manifest incompetence over every area of national life.

Tyrrell Burgess.
34, Sandilands, Croydon.

Textile export threat

From the President, British Textile Confederation

Sir,—Your article today (June 18) on the U.S. textile export threat reports some surprising observations.

The conclusion, quoted as emanating from private admissions by UK and Continental producers, that the U.S. threat to the European fibres industry may have been exaggerated, is unsound. Statistics on output and capacity show clearly that the damage which has been done by the U.S. attack on our market, although confined to certain sectors, is real and is on a large scale, sufficient to incur a radical and permanent reduction in the size of the UK fibres industry.

Equally unsound is the quoted suggestion by an unnamed industry expert that U.S. imports were insignificant in volume terms. The imports were aimed at specific sectors, and in several of these sectors the market penetration was virtually without precedent: almost 30 per cent in polyester filament yarn and nylon carpet yarn (where the problem was exacerbated by a large rise in imports of carpets themselves), and almost 40 per cent in polyester/cotton bed linen.

The complacency felt by those quoted towards both present and future effects of U.S. competition is not shared by those involved in the UK textile industry. Such relaxation of pressure as there is has been confined to fibres. U.S. shipments to the UK of finished products continue to hold up strongly despite the poor state of our domestic market, and the U.S. exporters' willingness to penetrate by means of predatory pricing has been demonstrated recently by the European Community's imposition of a provisional anti-dumping duty of as much as 38 per cent on certain types of fabric.

C. Russell Smith,
24, Buckingham Gate, SW1.

Today's Events

GENERAL

Lord Bellwin, Environment Parliamentary Secretary, speaks on Government industrial development policy and local authority's role, Kensington Close Hotel, W8.

Mr Merlyn Rees, Opposition Energy spokesman, speaks at Norwich.

Mr Eric Varley, Opposition Employment spokesman, speaks at South Derbyshire NUM annual school, Blackpool.

Mr John Silkin, Shadow Leader of the House, speaks at Tribune rally, Leicester.

Overseas: European Parliament session concludes, Strasbourg.

Mr Zenko Suzuki, Japanese Prime Minister, in Paris to meet President Francois Mitterrand.

Association of South East Asian Nations Foreign Ministers meet in Manila to discuss Kampuchea with Foreign Ministers from Japan, Australia, Canada, New Zealand and EEC.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Local Government and Planning (Amendment) Bill, committee stage. Horserace Betting Levy Bill, committee stage.

OFFICIAL STATISTICS

First quarter provisional gross domestic product. Department of Employment publishes May retail prices index; and tax and price index.

COMPANY MEETINGS

Coats Patons, Merchants' Hall, 30 George Square, Glasgow, 12.0. East Surrey Water, London Road, Redhill, Surrey, 10.30. French Kier, Waldorf Hotel, Aldwych, WC, 12.0. Geers Cross, 7 Soho Street, Soho Square, W, 12.0. Roberts Adlard, 116 Pall Mall, SW, 12.0. I. and J. Hyman, Queen's Hotel, Leeds, 12.0. Scottish Northern Investment Trust, Station Hotel, Guild Street, Aberdeen, 12.15. South Staffordshire Waterworks, 50 Sheepcote Street, Birmingham, 12.30. Taylor Woodrow, Savoy Hotel, Strand, WC, 11.30.

COMPANY RESULTS

Final dividends: Peter Brotherhood. Craig and Rose. ERF Holdings. Francis Parker. W. L. Pawson. Property Partnerships. Francis Shaw. Wedgwood. Jonas Woodhead. Interim dividends: Brunner Investment Trust. Duple International. Grange Trust. Raeburn Investment Trust.

English China Clays slips by over £4m at mid term

PROFIT BEFORE tax of English China Clays fell from £19.07m to £14.9m in the six months to March 31 1981 on turnover down from £169.97m to £155.01m.

However the directors have declared an increased interim dividend of 2.7p net (2.5p) per 25p share. Last year a total of 6p was paid on pre-tax profits of £40.51m and turnover of £332.43m.

Lord Aberconway says: "For the year as a whole, I wrote in January in my chairman's statement that the profit was unlikely to match that of last year. As the year progresses this now appears *inevitable but the gap may not be as wide as at one time we feared."*

Efforts to contain costs have been consistent and successful, he says, and have been largely instrumental in achieving a reasonable result.

The decline in the demand for the clay division's products steepened in the half year; this was due in part to the recession and in part through customers reducing their stocks. In the prevailing trading climate, the company could secure only marginal price increases in January. Thus, despite a mild winter and economical production, the lower volume of shipments of clay resulted in lower profits.

Although the directors do not *expect any further deterioration,* demand seems unlikely to improve markedly before the autumn.

The overseas companies were also affected by the world recession, but contributed helpfully to the profits reported.

In the quarries division the reduction in demand which occurred last year continued. Volumes were much reduced compared with the first half of last year and as suppliers fought to keep their share of a smaller market the pressure on margins was and still is severe, Lord Aberconway says.

The directors see some signs that volumes *in* quarry products will not fall much lower, but few that there will be any movement upwards. The restraints on public expenditure on capital works persist and the private sector is responding only slowly *to the Chancellor's Budget* announcement of a modest reduction in the minimum lending rate.

In the building division the number and spread of the private estates under development by SNW Homes has enabled a rate of sales to be achieved which has given the department a satisfactory first half, Lord Aberconway says. Earlier in the year the company had slowed down building in certain areas, but demand has picked up sufficiently to allow the directors to accelerate activity on most estates.

Haven Leisure's programmes during the winter months for the further development and refurbishment of the company's *holiday parks have made good* progress, thereby enhancing the quality and standard of their amenities, he says. Unavoidably, due to the seasonal nature of this business, profits accrue almost totally in the second half of the year, while the first half year has to bear its costs without any appreciable revenue. Bookings for this season have been affected by the recession but nevertheless the directors expect a *reasonable level of business.*

Pre-tax profit was struck after depreciation of £7.77m (£7.59m) and tax is estimated to take £4.5m (£5.6m). The earnings per *share are stated at 6.45p (8.35p).*

● comment

The background to these interim figures from **English China Clays** was nothing less than dismal, composed of such elements as a bearish forecast from the chairman and published UK clay *tonnages down by more than a* fifth in the three months up to March. The results are better *than these circumstances allowed anyone to expect.* Although pre-tax profits are well down, and the pre-tax margin on sales has slipped by about 14 per cent, the first half of 1980 was boosted by exceptionally helpful weather, so *the 1981 figures stand up quite* well to the comparison. The second half of 1980 was already *showing evidence of recession,* and EEC can therefore expect its proportional shortfall to diminish as the year goes on. Although there may be no real upturn in the European paper cycle before next year, there are reasonable signs from the building and leisure side, which peaks in the summer half. If EEC makes £20m this half, that implies a fully taxed p/e of around 11, and a maintained *final would yield 7.5 per cent on* yesterday's 121p.

HIGHLIGHTS

The Lex column devotes itself to an analysis of the long *awaited rights issue* by **British Petroleum**, not supported by the Government or the Bank of England holdings, which is designed to raise £623.7m before expenses. The rights is on the basis of one share at 275p per share for every seven shares *already held.* Elsewhere, **Tunnel Holdings** has comfortably hit its defence profits forecast and reaffirmed its expectation of higher profits next year. **Hanson Trust** has extended its offer for **G. H. Downing** although its terms have been left a long way behind by the recent offer from **Steetley. Hawley Leisure** has quickly decided that the asking price for **Camrex** is too high and withdrawn from bid discussions. On the results front, **British Commonwealth** has slipped by £4.4m at the pre-tax level but it has released a large tranche of deferred taxation reserve. **Kenning Motor** has fulfilled the bleakest predictions for the car distribution trade and incurred a substantial halftime loss. It is warning that its final dividend may be cut.

Belhaven Brewery above forecast

TAXABLE PROFITS of Belhaven Brewery Group climbed from £111,000 to £599,000 for the year ended *April 7 1981* which tops the forecast of not less than £500,000 made by the directors in March. At halfway, the pre-tax figure was up from £118,000 to £221,000.

At the time of the forecast, the group announced that it was extending its leisure interests through the purchase *of a controlling* stake in the Miss World contest, a Glasgow night club and a Spanish hotel.

There is again no dividend—the last payments were two years ago—but the directors say they intend to resume payments at the earliest opportunity.

Although the year's turnover was static at £7.95m, operating profits on the continuing parts of the group increased from *£563,000 to £839,000.*

There was no tax (£3,000 credit) and including extraordinary credits of £76,000 (£642,000 debits), profits of £675,000 were transferred to reserves.

● comment

Belhaven Brewery has progressed further along its recovery track in the second half. The brewery registered a 25 per cent improvement in profit, and although there will be pressure on margins this year, volume is being main*tained. The plastic* packaging business may suffer more severely from margin erosion, but by the standards of its industry it did well to come within 7 per cent of the profits earned in 1980. Administration expenses in 1979-80 were bloated by the succession of managerial crises; no less than one-third of the 1981 profits were achieved by administrative trimming. The company plunged into the leisure industry at *the end of its* financial year by acquiring — inter alia — a holiday camp, a hotel in Spain, and 66.67 per cent *of the equity in Miss World* (Jersey). The seasonality of these activities makes it hard for them to contribute much in the current year, but occupancy levels—in the hotels—are rising faster than expected. Although the capital reduction (needed if dividends were to become pay*able)* became effectiv in March, thre is no dividend yet: the next interim may mark the first payment since November 1979. *Yesterday's price of 40p is a* somewhat speculative 21 times fully-taxed and diluted earnings.

Kenning Motor dives to £1.69m first half loss

IN THE half year to the end of March 1981 the Kenning Motor Group slumped from a pre-tax profit of £2.55m to a loss of £1.69m on slightly lower turnover of £121.92m compared with £122.7m.

The directors of this motor distributor and hirer say that the recession has been particularly *deep and persistent in the trades* in which the company is concerned. Although a loss was suffered, the future is unpredictable and there are sufficient signs of an improvement to justify the payment of a maintained interim dividend of 1.75p per 25p share.

If these hopes prove to be false, the dividend policy will have to reflect this at the year end they say. Last year a total of 5.5p was paid. Meanwhile the group's overall financial strength remains considerable.

In 1979-80 Kenning made profits before tax of £3.99m (£8.45m) on turnover of £242.86m (£235.65m).

The directors have been *taking "strenuous" measures to* counter the heavy losses but many of the steps taken or decided upon will take some time to come to fruition they say, and if pressed too speedily may even be counterproductive.

After a substantial loss in the first three months motor trading activities achieved a profit in the second quarter though final expectations are unforecastable as the market remains dull and margins "quite inadequate."

Car hire results slipped badly and though the problems of disposing of last year's fleet are now under control they have proved expensive. Currently the market is slack with price cutting rife. Further rationalisation is necessary and though the second half will be a good deal better an overall loss in car hire must be expected.

The pre-tax profit was struck *after an exceptional debit of* £437,000 (£1.02m credit)—representing rationalisation and closure costs less profits on the disposal of properties—depreciation of £4.62m (£5.28m), equipment hire of £982,000 (£168,000), interest and finance charges of £868,000 (£1.67m) and dividend from its *Zimbabwe subsidiary of* £296,000 (nil).

There was a tax credit of £400,000 (£410,000 charge) and the attributable loss emerged at £1.3m (£2.14m profit). The loss per share is stated at 4.2p (6.7p earnings).

● comment

The income funds (and who else would be interested?) will have to take something of a gamble on Kenning at 80p, down 7½p yesterday. The historic yield is just in double figures at this price but the group is already talking about the possibility of a dividend cut at the final. Its balance sheet strength (assets were valued at over 200p per share in the last balance sheet) and the likely consolidation of the Zimbabwe interests which were last valued at £6.8m and are now appreciating quickly, add *some defensive argument for* a purchase at this price. Two questions, however, are worth asking. Which other industry, *faced with a substantial volume* decline, it is true, in new car registrations but buttressed by what should be a constant used car market, can cut its own margins to ribbons in this way? And how is it that, in the face of massive discounting all round and evaporating margins, some *distributors perform so much* better than others? The main dealership activities at Godfrey Davis, for example, have con*tained the annual pre-tax profit* fall to under £400,000 at £2m. The motor distribution sector is not a buy by any means at present and, if it were, selectivity would be essential.

Westbrick lifts final despite shortfall

TAXABLE profits of Westbrick Products, the Exeter-based brick maker, fell from £752,000 to £404,000 for the year to the end of March 1981. Turnover was down slightly at £16.04m against £16.12m, exclusive of VAT.

Nevertheless, the final dividend is to be increased from 2.25p to 2.5p making a total of 4p compared with 3.75p. The company calculates earnings per 25p share as 15.5p against 12.3p.

First-half pre-tax profits were down from £395,000 to £182,000.

The chairman says that this has been a tough year for trading and that the severity of the recession has led to reorganisation of the group's concrete and plastics interests, involving fac*tory closures and redundancies.*

He says: "The group has kept a tight rein on its financial resources despite the need to finance these extraordinary costs, and has limited the cash outflow to £19,000. The net assets have increased from £4.9m to £5.2m, equivalent to 121p per share, and the gearing has been reduced from 18.1 per cent to 17.5 per cent."

The extraordinary costs took £184,000 (nil) but there was a tax credit of £259,000 (£237,000 charge) leaving attributable profits of £479,000 (£515,000).

The chairman forecasts that from a trading point of view the worst is over and that he expects some recovery later in the financial year.

"Like many other public companies operating a group of different interests, we have emerged from the year-end slimmer and more efficient than at the start of the year and we hope that this will be translated in due course into improved profits for our shareholders."

Current cost accounting shows pre-tax profits as £8,000 compared with £285,000.

Pauls & Whites increases to £8.6m and pays 0.75p more

TAXABLE PROFITS of Pauls and Whites, malster, flour miller and manufacturer of animal feedstuffs, increased from £7.98m *to £8.61m in the year to March 31* 1981, a rise of 8 per cent on turnover £21.1m ahead at £241.77m.

Exports rose by 38 per cent to £15.5m.

At the interim stage profits were marginally higher at £3.09m, compared with £3.05m.

An increased final dividend of 4.75p (4p) brings the total up from 5.75p to 6.5p net.

The pre-tax surplus for the 12 months was struck after interest *charges of £2.92m (£2.7m) but* included associates' contributions of £911,000 (£106,000).

Tax took £1.16m (£2.06m) and tax provisions no longer required amounted to £4.97m (£3.4m).

There were extraordinary credits of £125,000 (£4.09m debits), after which the retained balance emerged at £10.66m (£3.58m).

Stated earnings per 25p share excluding tax provisions no longer required improved from *21.96p to 27.15p and* including, were 45.46p, against 34.76p.

Current cost accounting reduces the pre-tax profit to *£6.18m (£4.73m).*

Commenting on the results the directors say that sales of animal feed increased despite *reduced national demand but the* contribution from the agricultural sector was slightly down because of the recession in the agricultural machinery industry, the closure of an old mill and other non-recurring costs.

A divisional breakdown of turnover and profit shows: animal feed, other products for agricultural and milling £163.19m (£140.21m) and £4.44m (£4.7m); malt and other brewing materials *£67.39m* (£70.67m) and £5.08m (£4.94m); and flavours, essences and hop products £11.19m (£9.8m) and £1.1m (£936,000).

● comment

The shares of **Pauls and Whites** have gained 11p this week to a 1981 peak of 155p but the fully taxed p/e on the 8 per cent higher profits announced yesterday is still a relatively undemanding 10.3. The shares have been depressed since Wood Hall Trust sold its 25.4 per cent stake in the market last October, *removing bid speculation.* Trading conditions in the group's main businesses, malting and agriculture, have not been helpful either, although animal feeds have done better since the contraction of Dalgety's position. The main boost to profits has come from associates and, in particular, the animal feed mill in Nigeria which operated at full capacity after being shut down during much of the previous year. Nigeria also proved to be a satisfactory outlet, along with Japan, for malt that could not be sold to depressed UK distillers and brewers, but the slight rise in malting profits is due mainly to lower losses than provided for in Germany. The group is cautious about the current year but Nigeria should produce more growth and Germany lower losses while interest charges should come down a bit. Against that, growth in the flavours and essences business is slowing and the group may need to expand or abandon this field. *Also, the agricultural machinery* business is still in the doldrums. The yield on the well covered dividend is 6.1 per cent.

£1.9m drop by British Steam

SECOND-HALF taxable profits of the British Steam Specialties Group tumbled to £0.55m, against £2.25m last time, leaving the full year figure to end March 1981 well down from £3.78m to £1.88m. Turnover of this specialist supplier of pipeline equipment, fell marginally from £47.25m to £46.69m over the 12 months.

Stated earnings per 20p share dropped from 23.6p to 9.8p and the final dividend is cut to 3.25p (3.75p) net, for an unchanged total of 5.25p — the interim had been raised 0.5p to reduce disparity.

JOHNSON MATTHEY

Pre-tax *profits of* Johnson Matthey and Co. rose from £38.62m to £45.6m for the year ended March 31 1981 and on a current cost basis the figures were reduced to £33.59m (£25.11m). In yesterday's report, the CCA profits were transposed.

KCA joint venture with Saudis

BY ALAN FRIEDMAN

KCA International, the oil services group, is to undertake a joint venture with a Saudi *Arabian trading company in an* effort to sell drilling fluids to Saudi-based oil companies. KCA also announced yesterday its plans to place shares representing 50 per cent of its fully owned commercial vehicles subsidiary with investors in the Gulf.

Mr Paul Bristol, chairman of KCA, said yesterday that a new joint venture company was being established with the Yousef *Ahmad Algosaibi Establishment* (YAAE) of Alkhobar in Saudi Arabia. KCA and YAAE would each hold 50 per cent of the new company, which would be domiciled in Saudi Arabia. The new company would be *capitalised at £1m.*

In addition, KCA would transfer the assets of Berry Wiggins, its Kent-based commercial vehicles business, to the Bahrain-based Universal Oil Services EC business, another KCA offshoot. Universal, currently a shell company according to Mr Bristol, would operate in the Gulf area and already had a contract to build garages in Saudi Arabia.

The enlarged Universal *business, including* Berry Wiggins, would then place half of its shares with Arab investors and seek a quotation on a stock market in either Kuwait or the United Arab Emirates.

YAAE has agreed to subscribe *for at least 10 per cent of the* equity in Universal, for a price of between £700,000 and £800,000. This price was based on the asset value of Berry Wiggins, which Mr Bristol estimated at £7m to £8m. An independent valuation would follow shortly.

Another 10 per cent of Universal would be placed with a Kuwaiti investor, explained Mr Bristol, and a further 30 per cent would be offered in the *Gulf. KCA plans to retain a* 50 per cent stake in the business and to continue managing operations.

HERON CORPN.

Taxable profits of Heron Corporation rose by 24 per cent to £13.4m for the year to March 31 1981 but its 68 per cent owned subsidiary, Heron Motor Group, made a trading loss of £145,000 (£1.31m profit).

In yesterday's report, Heron Corporation was incorrectly referred to as Heron Motor Corporation.

Cambridge Elect. makes active debut: USM busy

Around two-fifths of the 21.6m shares issued by Cambridge Electronic Industries changed hands on the first day of dealing *yesterday.*

The £16.2m issue, which was oversubscribed more than five times, showed a steady performance throughout the day despite the brisk level of trading. Wedd Durlacher estimated that 3m to 4m shares passed through its books alone.

Offered at 75p each the market price opened at 77-79p but within minutes was moving up to the low eighties. By lunch *time a peak had been hit of 86p,* before settling back at 84p by the close of trading.

It was also a busy day for new issues on the USM.

Dealings started in Star Computer following the placing of 750,000 shares—14.3 per cent of the equity—at 155p each. The price opened at 190p and moved up to close a third above the placing price at 205p.

Also on the USM Trident Computer Services, which provides computer maintenance staff on a contract basis, started trading yesterday. Some 375,000 shares were placed at 90p each by brokers Laurence Prust and merchant bankers Singer and Freidlander.

Dealings opened at 95p, slipped back to 92p, and recovered again to 95p.

Another entrant on the USM *got off to an unimpressive start.* Staneico, a specialist in machinery for controlling high intensity heat, opened at 86p and closed at 84p. The price was 82p at one stage, compared to a placing price of 83p for 40 per cent of the equity.

Crosby Woodfield comes back from midway loss

A RECOVERY from midway losses of £140,716 has enabled engineering and tool merchanting group Crosby Woodfield to break even at the pre-tax level in the year to March 31 1981. In the previous year profits were £637,000, after rising from £283,366 at the half-way stage.

After omitting the interim dividend, the directors are paying a final of 0.05p—last year's total was effectively 0.315p after adjustment for a one-for-one scrip issue.

*The group incurred an attri*butable loss of £430,000 compared with a profit of £1.35m after the tax charge of £59,000 (£108,000 credit) and extraordinary debit of £371,000 (£564,000 credit).

The extraordinary debit represented the loss on the disposal of subsidiaries in May.

The loss per 10p share is shown as 0.5p, against earnings *of 3.4p.*

Group turnover slipped from £10.62m to £10.25m during the year. Current cost adjustments *show a loss at the pre-tax level* of £205,000.

Wm. Press Group sees upward trend in 1981

THE CURRENT year has started well for the William Press Group says Mr W. A. Hawken, chairman, in his annual statement.

If the present signs of an upward trend in business materialise, with the group's organisation significantly improved to meet today's more competitive markets, William Press should continue to progress throughout 1981.

Notwithstanding the present recession the directors are maintaining and in some cases extending the group's traditional *business particularly offshore* where they foresee further opportunities, he says.

The company is also seeking increased business in a wider field both geographically and in other sectors of industry where its existing skills and resources can be effectively utilised.

He also says that although it is some three years since the group's last major acquisition the directors continue to search with a conservative approach for other businesses which will fit in with their corporate strategy.

"We proceed on this front carefully therefore, mindful that acquisitions like all other activities should be in the interest of our shareholders."

As reported on May 29 the company made pre-tax profits of £8.23m (£6.63m) on turnover of £252m (£227m).

Meeting: Inn on the Park, W1, July 22, 11.30 am.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amber Industrial	2.5	Aug. 7	2.5	2.5	4§
Arbuthnot Latham	8	Aug. 6	7	12	11
Braby Leslie	1.5	Aug. 3	3.1	2.5	5.1
B and C Shipping	7	Aug. 7	7	12.5	12.5
British Steam	3.25	July 31	3.75	5.25	5.25
Caledonia Invest.	8	Aug. 10	7	13.5	12.5
Continental and Indust.	7.5	*Aug. 7*	7.5	11	13.3‡
Crosby Woodfield	0.05	Sept. 11	0.32*	0.05	0.44*
Dominion and Gen.	7.7	July 28	7.4	10.7	10.4
Dun. & Lon. In. Tst. int.	1.25	July 17	1.25	—	3.85
English China Clays int.	2.7	July 22	2.5	—	6
Flexello Castors ... int.	Nil	—	1.41	—	1.41
Hampton Gold	1.75	Oct. 1	1.5*	2.5	2.25*
Hargreaves Group	1.15	July 28	2.36	2.75	3.96
Leopold Joseph	8.58	—	7.63	10.45	9.5
Kenning Motor ... int.	1.75	Oct. 1	1.75	—	5.5
Milford Docks	0.5	July 30	—	0.5	6.84
Northern Secs. Tst.	3.4	July 25	3.4	4.4	4.4
Pauls and Whites	4.75	Aug. 7	4	6.5	5.75
Westbrick Products	*2.5*	—	*2.25*	4	*3.75*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including 2.8p special. § Including 1.5p special.

SPAIN

June 17	Price %	+ or −
Banco Bilbao	338	
Banco Central	410	
Banco Exterior	335	
Banco Hispano	324	
Banco Ind. Cat.	125	
Banco Santander	386	
Banco Urquijo	225	
Banco Vizcaya	365	
Banco Zaragoza	271	
Dragados	246	
Espanola Zinc	91	
Fecsa	79	
Gal. Preciados	55.5	
Hidrola	89.7	
Iberduero	69	
Petroleos	151	
Petroliber	102	
Sogefisa	62	
Telefonica	90	
Union Elect.	80.5	

THE TRING HALL U.S.M. INDEX
123.0 (+1.3)
at close of business 18/6/81
BASE DATE 10.11.80 100

OIL INDEX

July Refined $39.55

October Refined $40.95

CORAL INDEX

Close: 539-544 (−2)

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UK COMPANY NEWS

Caledonia Investments setback

After a loss of £42,000 against a profit of £313,000 from commodity trading, Caledonia Investments, an investment company with manufacturing subsidiaries, turned in a reduced pre-tax profit of £4.14m for the year to March 31 1981, compared with £4.52m.

The dividend is stepped up from 12.5p to 13.5p net with a final of 8p.

Turnover slipped from £9.56m to £9.2m and profits from trading were more than halved at £401,000 (£960,000).

After tax of £952,000 (£1.48m) and minorities' profits of £121,000 (£76,000), the retained surplus emerged at £843,000 (£711,000).

Caledonia Investments is a 49 per cent associate of British and Commonwealth Shipping Company.

British and Commonwealth Shipping slips to £24.2m

SECOND HALF pre-tax profits of the British and Commonwealth Shipping Company fell from £15.02m to £12.83m, and figures for the full year to December 31 1980 were down from £28.64m to £24.19m. Turnover of this ship and aircraft operator rose from £282m to £334.8m.

The final dividend is unchanged at 7p for a same-again total of 12.5p.

The board says that although it is too early to give any firm indication of results for the current year, present signs are that the pre-tax profit will show some improvement over that for 1980. It points out however, this is subject to the proviso that there are many factors outside the company's control which affect results of a diverse group engaged principally in the field of international transport and with substantial interests in associated companies.

Profit from shipping, aviation and other activities during 1980 amounted to £37.4m (£32.85m), but depreciation costs soared from £16.95m to £27.38m, leaving operating profits down from £15.9m to £10.02m.

Shipping increased its share of operating profits from £305,000 to £2.08m. Aviation support services also improved from £2.8m to £3.58m, but air transport was lower at £4.86m compared with £6.79m. This reduction was attributable to Air UK.

Hotels increased its losses from £104,000 to £940,000, and another loss-making division was marine and aviation insurance. Losses were reduced, however, from £1.5m to £1.24m. Office equipment and other activities both contributed smaller amounts to the operating profits.

There was a profit on the sale of ships amounting to £2.01m (£1.36m), but rationalisation of fixed wing interests (including exceptional depreciation charge of £5.9m) took £7.84m this time.

Dividends and interest received during the year totalled £12.88m (£11.72m), and interest payable was higher at £12.57m (£10.36m).

After tax down from £11.03m to £6.41m, minorities of £4.45m (£3.47m) and extraordinary credits of £7.34m (£2.72m), attributable profits were higher at £20.67m compared with £16.86m. Extraordinary items include £5.93m being a release from deferred tax of stock relief no longer subject to clawback.

Dividends again absorb £4.05m. Stated earnings per 50p stock unit were down 2.6p at 41.1p.

● comment

British and Commonwealth may be late in reporting but at least it takes a conservative view of exceptional costs and, taking out all the above the line items, profits work out marginally higher at £27.4m before tax — against £27.3m in 1979. The profits gain this year should be a little more impressive but, even with a weaker pound working in its favour, shipping income should be down and office equipment will be feeling the pinch of the recession. So the main gains will come from loss reduction at Air UK, which probably made a trading deficit of around £7m last year, and from lower provisions on the insurance side. The share price, unchanged yesterday at 290p, could be covered around three times by asset values but until these assets show a more impressive return shareholders will be setting some store by dividends. The maintained payment, which is more than three times covered by profits even before extraordinary items, produces a yield of only 6.3 per cent, which is perhaps taking conservatism too far.

Amber Ind. declines by £292,000

PROFITS OF Amber Industrial Holdings declined in the 13 months to March 31 1981 the pre-tax figure emerging at £102,041, compared with £394,368. Turnover for the period was also lower, falling from £4.97m to £4.5m.

At mid year profits had fallen back to £26,000 (£160,000) and the directors warned that profits in the second six months were unlikely to exceed those of the first half.

The dividend for the year is a same-again 2.5p net, although last year there was also a special payment of 1.5p.

The pre-tax surplus was struck after depreciation of £188,300 (£157,700) and net interest charges of £147,658 (£70,888). It also included a profit of £14,443 from the sale of a freehold property.

Tax took £18,735 (£197,611) but there was an exceptional tax credit of £179,818 (£48,209) from the release of deferred tax, after which the attributable balance came through at £263,124 (£244,966).

Stated earnings per 10p share fell from 7.41p to 3.06p excluding the exceptional credit. Had it been included, earnings would have increased by 6.89p (1.84p).

The company which is controlled by Caledonia Investments, manufactures refractory fittings, steel gratings, tubular products and industrial aerosols and lubricants. It also owns cold stores.

Braby Leslie falls to £0.26m: dividend halved

TAXABLE PROFITS of the mechanical and civil engineering group Braby Leslie fell from £914,000 to £262,000 for the year to the end of March 1981. Turnover was slightly less at £30.99m against £31.74m.

The final dividend is to be cut from 3.099p to 1.5p, as forecast at the interim, making a total of 2.5p against 5.099p. Earnings per 10p share are stated as 3p compared with 7.1p.

The company says that stocks, down at the beginning of the year due to the steel strike, were reduced further, and are reflected in the bank balances of £771,000 at year-end in the balance sheet, which remains strong and ungeared.

"Banking facilities and resources available to the group remain adequate for foreseeable requirements," the company says.

Reduced demand led to losses during the year of £743,000 at Braby Bristol, Payter and Briggs. General fabrication was discontinued at Bristol and production of certain domestic products transferred to Burnley at a net cost, including redundancies, of £322,000.

Losses at Payter and Briggs increased in the second half and towards the end of the year these subsidiaries were combined in a new process engineering division.

Apart from increases in requirements for steel drums and generating sets, the group sees no general improvement in overall demand. It says that benefits from the greater scope available to the subsidiaries in the process engineering division are unlikely to be realised fully in the short term unless demand improves.

"Meantime, losses in that division cannot be completely eliminated and, in consequence, the group's results for the first half of the current year are unlikely to be satisfactory.

"Nevertheless, the group is now more competitive and its potential for increased profitability is improved."

The group paid £283,000 tax compared with £194,000 and there was deferred tax released of £331,000 (nil).

The group's properties have been valued at £1.9m on an open market basis as at March 31 1981. This valuation has been reflected in the books and the surplus of £57,000 has been taken into reserves.

The board says vigorous action was taken to cut costs, including cessation of certain unprofitable activities, short time working and almost 200 redundancies, 14 per cent of the total employed.

A major reorganisation has grouped all trading companies into five divisions.

● comment

Braby's sharply lower pre-tax profit is certainly disappointing, but the group has been engaged in a wide-ranging rationalisation and reorganisation programme which could rebound to its benefit in the medium term. Three motnhs ago Braby created five new divisions and an "operations board" in an effort at tighter management. Last year, the packaging/metals division made £305,000, process engineering lost £450,000, Aerospace and Power made £519,000, domestic products lost £417,000 and civil engineering made £305,000. Losses in several Braby businesses are continuing and the group may not make more than £100,000 in the first half of the current year: at year end it may score a pre-tax profit of £½m. This suggests that on a short-term view the shares (down 1½p at 34p) look expensive. Likewise, the 11 per cent yield on a 51 per cent lower dividend may be nothing more than a reflection of market jitters. But despite all this—and the fact that the net asset value per share is 55p higher than the share price—Braby seems to be fighting hard and could reap benefits by next year. Its healthy balance sheet should also be helpful.

BAKER'S STORES

Taxable profits of Baker's Household Stores (Leeds) improved from £397,152 to £522,528 in the half year to March 28 1981. Last year's figure included the surplus on the disposal of fixed assets of £236; because of an agency error this surplus appeared in yesterday's editions as £236,000.

Dundee & London ahead

Pre-tax profits of Dundee and London Investment Trust for the half year to the end of April 1981 increased from £452,291 to £483,937 on a lower gross revenue of £523,123 against £531,762.

The net interim dividend is being maintained at 1.25p—total last year was 3.85p. Net asset value per 25p share is stated as 122.6p (86.8p) after deducting prior charges at nominal value.

Management expenses took £34,341 (£32,809) and interest £4,845 (£46,662). Tax was £163,773 (£145,497) leaving attributable profits of £320,164 compared with £306,794.

In the year ended October 31, 1980, the company made net revenue before tax of £993,000 against £897,000 and net revenue after tax of £668,000 (£594,000).

LONDON TRADED OPTIONS

June 18 Total Contracts 2042 Calls 1239 Puts 803.

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	330	16	285	30	82	44	—	330p
BP (c)	360	6	75	16	55	30	15	"
BP (c)	390	1	72	10	9	18	1	"
BP (c)	420	½	—	5	15	12	10	"
BP (p)	330	10	161	16	90	24	16	"
BP (p)	360	32	215	36	70	40	52	"
BP (p)	390	62	84	64	10	64	50	"
BP (p)	420	92	5	94	—	94	6	"
Com. U'n (c)	180	3	17	9	—	14	—	161p
Cons. Gld (c)	420	47	4	60	25	—	—	455p
Cons. Gld (c)	460	17	85	33	30	47	—	"
Cons. Gld (c)	500	6	3	17	27	30	—	"
Court'lds (c)	60	8	1	14	—	17	13	67p
GEC (c)	600	77	—	100	4	—	—	670p
GEC (c)	650	33	3	60	—	85	—	"
GEC (c)	700	9	—	32	9	55	—	"
Gr'd Met. (c)	180	33	—	38	1	45	—	211p
Gr'd Met. (c)	200	14	25	24	7	32	—	"
Gr'd Met. (c)	220	3½	1	13	—	21	2	"
ICI (c)	260	28	1	40	—	52	—	282p
ICI (c)	280	13	10	28	1	40	—	"
ICI (c)	300	4	1	14	—	28	—	"
ICI (c)	330	1½	—	8	2	16	—	"
Land Sec. (c)	460	½	—	5	10	—	—	390p
Mks & Sp (c)	130	3½	40	11	—	17	—	127p
Shell (c)	330	26	47	36	—	44	—	340p
Shell (c)	360	7	89	19	3	28	3	"
Shell (c)	390	4	—	10	1	18	—	"
Shell (c)	420	2	—	6	10	11	3	"
		August		November		February		
Barclays (c)	390	37	10	48	—	62	—	420p
Barclays (c)	420	12	3	30	—	42	—	"
Lasmo (p)	550	27	5	52	—	72	—	537p
Lonrho (c)	90	4	10	6	4	9	—	93p
Racal (c)	350	18	25	34	—	47	—	362p
Racal (c)	390	7	1	19	—	31	—	"
RTZ (c)	360	177	5	—	—	—	—	551p
RTZ (c)	450	82	16	97	12	118	—	"
RTZ (c)	500	47	19	65	25	87	1	"
RTZ (c)	550	25	74	45	25	57	—	"

C=Call P=Put

BANK RETURN

	Wednesday June 17 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	34,006,287	+ 1,337,181
Bankers Deposits	518,690,426	+ 69,271,800
Reserve & other Accounts	1,525,966,184	— 41,172,986
	2,093,215,897	+ 29,435,995
Assets		
Government Securities	611,569,216	— 25,155,000
Advances & other Accounts	909,180,925	— 9,924,741
Premises Equipment & other Secs.	558,094,705	+ 63,897,182
Notes	15,139,291	+ 645,111
Coin	231,756	— 26,557
	2,093,215,897	+ 29,435,995
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,475,000,000	—
In Circulation	10,459,860,709	— 645,111
In Banking Department	15,139,291	+ 645,111
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,627,752,367	+ 393,755,365
Other Securities	1,836,232,533	— 393,755,365
	10,475,000,000	—

Tunnel exceeds profit forecast

BY RAY MAUGHAN

Tunnel Holdings has more than achieved the profit forecast in its second defence document against the Thos. W. Ward bid, which has now lapsed. Tunnel's profits for the year to March 29 last amounted to £15.55m pre-tax against £10.5m for the previous year and the expectation of at least £15.2m.

The group has also repeated its promise of further growth in the current year, subject to the usual list of assumptions.

The board meeting convened yesterday to consider the results was the first held by Tunnel since Ward announced that it would lapse its £110m offer on Monday last week; the meeting was not attended by Mr Peter Frost, a Tunnel board member and the chairman of Ward. He has not attended any Tunnel board meeting since the offer *first opened in the middle of* March this year.

Mr Derek Birkin, the chairman of Tunnel, said yesterday that the group had not contacted or been contacted by Rio Tinto-Zinc. The major mining group purchased a stake of 8.7 per cent in Tunnel's voting equity which thwarted Ward's 435p per share offer—the cash alternative—almost at the last moment.

In the absence of any communication between the three parties, the future of Tunnel remains in limbo. Mr Frost said Ward had considered the options open to it but no decision has *been made*. He was not able to say when Ward would be in a position to decide the fate of its 41.67 per cent stake in Tunnel's voting equity.

Tunnel stated yesterday that all companies of the construction materials and services division had made progress, the principal feature being a much greater contribution from the reorganised cement operation. The performances of the associate companies were also generally much better. The speciality chemicals division proved its resilience, Tunnel says, by recording a lower profit decline than the average for its sector.

But, turning to the current year, Mr Birkin confirmed his forecast of higher annual profits. He predicted that speciality chemicals would contribute a higher proportion of trading profits, aided by its considerable *presence in North America* where, following the acquisition of Alcolac Inc, annual turnover would approach $80m.

A final dividend of 12p per share is recommended which lifts the total from 9p to 15.5p per share.

	52 weeks 1981 £000	53 weeks 1980 £000
Group turnover	71,101	67,352
Assoc. turnover	36,174	27,463
Trading profit	11,161	7,293
Associates	4,071	2,874
Investment inc.	—	28
Interest rec	314	323
Profit before tax	15,546	10,518
Tax	4,752	1,815
Profit after tax	10,794	8,703
Exchange losses	214	515
Minorities	17	16
Extraord credit	—	391
Attributable	10,563	8,563
Pref. div.	43	43
Ordinary div.	3,783	2,204
Retained	6,780	6,359

RIGHTS RESULTS

Northern Engineering's rights issue raising £28.8m has been taken up as to 91.7 per cent.

The £1.9m rights offering from **Elbar Industrial** has been accepted by shareholders representing 96 per cent *of the equity*.

BIDS AND DEALS

Hawley Leisure has no firm bid plans for Camrex

Hawley Leisure, the amusements group, does not intend taking any further action on its 18.4 per cent holding in Camrex, the anti-corrosion engineer, for the time being, and a firm bid for the outstanding equity is *unlikely* at present, the company said yesterday.

A meeting between the financial advisers to the two companies, which was scheduled to take place this afternoon to discuss the stake, did not take place, the company added.

Camrex said earlier this week that it had received an approach from Hawley which might have resulted in a bid for the company. It responded by saying that a fair price for the company would have to be in the region of 70p a share, which was close to net asset value.

In response to this statement, Hawley said yesterday an offer acceptable to Camrex "would not be in the best interests of Hawley." As a result, no further action would be taken regarding *its stake* at present. Camrex had not made any suggestions to Hawley on the future of the stake, the company said.

CLUFF OIL IN JOINT VENTURE

Cluff Oil, the exploration and production company, is to undertake a joint venture drilling programme in France with Elf-Aquitaine, the French oil and gas group. Mr Algy Cluff, chairman of the company, said yesterday that the deal involved a 20 per cent stake for Cluff in a 12-well exploration programme in 1982 and 1983.

The deal, which has not yet been signed, provides for exploratory activity in what is described as a low-risk area north-east of Strasbourg. Cluff's financal commitment is likely to be around £500,000.

Mr Cluff said his company was negotiating for other onshore projects in France. The Strasbourg deal represented an example of Cluff's increasing association with Elf, he added.

Ordinary shares in Cluff Oil closed yesterday at 215p, down 5p. The company made a one-for-three scrip issue to all holders of ordinary and convertible "A" shares in April. The shares went ex-scrip on June 1.

More Collins' shares for News Intnl.

News International has bought a further 1,036 shares in **William Collins**, the publishing group, at 200p per share, and has increased its holding marginally to 31.4 per cent. News International is bidding 200p per share for the entire equity of the company, and at present holds 1.29m shares.

Mr. Ian Chapman, chairman of Collins, said in a letter to shareholders yesterday that he was very encouraged with the support which had been shown for the company in its "determination to remain independent."

A document laying out the reasons for the company's opposition to the News International bid would be published shortly, he said.

BCA HAS 6.45% OF BLACK & EDGINGTON

British Car Auctions has increased its stake in **Black and Edgington**, the leisure and industrial textiles group, from 4.99 per cent to 6.45 per cent.

The company yesterday said it had increased its stake to 1.2m shares.

Mr Peter Warman, a British Car director, yesterday said that his company had no immediate intention, however, of going for a further stake. He added that it was unlikely there would be a bid at this stage for the entire equity of the company.

He said British Car regarded Black and Edgington as being in a recovery situation, and was taking an investment stake.

SHARE STAKES

Canadian and Foreign Investment Trust – Standard Life Assurance Co has disposed of 100,000 shares leaving holding at 401,528 shares (6 per cent).

Bakers Household Stores (Leeds)—Mr. Barry Baker, director, has disposed of 30,000 shares leaving his holding at 1,717,556 (34.35 per cent).

Berisford edges ahead in offer for British Sugar

S. and W. Berisford, the commodity trader fighting to take over **British Sugar Corporation**, has inched further forward in its £200m bid for the sugar producer. A further 25,000 British Sugar shares have been acquired, which had previously supported the offer, at 335p.

The commodity trader needs around another 3 per cent to trigger the support of a crucial 24.17 per cent stake held by the Government. The Government has said that it will support the bid if the majority of uncommitted shareholders accept the offer.

PRITCHARD SERVICES

The offer by Pritchard Services Group for the 5.25 per cent redeemable preference shares in Affiliated Cleaning has lapsed with acceptances standing at 82.1 per cent.

Pritchard owns all the ordinary shares of Affiliated, and had offered to buy the preference shares, subject to 90 per cent acceptances being reached. The preference shares are redeemable in 1987.

Hanson Trust extends its offer for G. H. Downing

FACED WITH the very much higher terms implied by the share offer from Steetley for **G. H. Downing**, facing brick and clay tile manufacturer, Hanson Trust's 200p per share bid for Downing has been extended from its first closing date on Wednesday this week to July 8.

Hanson announced yesterday that its £12m bid had been accepted by holders of 24.84 per cent of Downing's equity. It had already received irrevocable acceptances in respect of 24.065 per cent from members of the Downing family and others.

The counter bid by Steetley was pitched on Friday last week at 265p per share and comprises an equity exchange with a cash alternative limited to a ceiling of £5.5m. The Downing board has agreed these new terms in respect of its own small beneficial holding.

Thornwood increases bid price for Wight Holdings

Thornwood Investments has raised its bid price for **Wight Holdings** from 30p to 35p, having purchased an additional 26.6 per cent of Wight at this price. As a result of this purchase, Thornwood now holds 68.5 per cent of Wight, and its offer has become unconditional.

Thornwood, a Glasgow-based private company with major interests in motor vehicle leasing and distribution and in property, said it did not acquire the additional stake through the stock market, but would not say where the shares had been bought. A statement was *expected from the board of* Wight today, it said, which should clarify the position.

The Wight board controls 27.6 per cent of the company's shares, not including the 29.8 per cent held by Mr Alastair Dunn, the managing director of Thornwood, who was appointed to the board of Wight in 1980.

Thornwood does not want to use Wight's *stock exchange listing* for its own flotation, so it is still aiming for 100 per cent acceptance of the offer.

Under the Takeover Code rules, minority shareholders who accepted the Thornwood offer at the lower price are entitled to *receive the increased amount.*

Fears grow over Fraser chairman's re-election

FEARS ARE growing in **House of Fraser**, the Harrods stores group, that **Lonrho**, the group's largest shareholder, may use its sizable block of shares to oppose the re-election of Professor Roland Smith as group chairman.

House of Fraser's annual general meeting is due to take place next Thursday in Glasgow and Professor Smith, who ousted Sir Hugh Fraser from the chair in January this year, is seeking re-election to the board.

Lonrho, which holds a 29.99 per cent stake, mounted a 150p per share cash bid for Fraser immediately after the removal of Sir Hugh Fraser from the chair. Lonrho's bid intentions for the Fraser group is still under review by the Monopolies *and Mergers Commission, which* is expected to complete its study by the beginning of September.

Lonrho said yesterday that "during the sitting of the Monopolies and Mergers Commission this company is not making any comments about the House of Fraser group."

Sir Hugh Fraser, whose family trusts hold about 3.5 per cent of the House of Fraser equity, said that he and his family would decide over the weekend which way to vote. "I have had no phone calls from Lonrho," he said. He added that he would be meeting the Monopolies and Mergers Commission next Wednesday, his first visit. "I have written to the Commission twice."

Sir Hugh, who is still a Fraser director, said yesterday that he had received "no figures since January 28" concerning the House of Fraser from other directors. But there were no signs yesterday of institutional unrest with Professor Smith and his co-directors.

London Trust, which has a small institutional holding in *House of Fraser, said yesterday*: "We are impresesd with the property potential of the group and we like the management philosophy. We like the asset valuation of the Fraser group."

Last month Professor Smith warned shareholders that Lonrho *may vote against the re-election* of the directors. "There are serious disagreements between the majority of the board" and Lord Duncan-Sandys, chairman of Lonrho, and Mr. Tiny Rowland, Lonrho's chief executive, who both sit on the Fraser board.

He urged shareholders to vote for all directors coming up for re-election including Lord Duncan-Sandys and Mr. Rowland, who are also to have their positions confirmed on the Fraser board.

It is believed that participants in the Fraser group profit linked share plan on the staff have been advised to abstain from support*ing the re-election of Lord* Duncan-Sandys and Mr. Tiny Rowland to the board by the trustees of the plan.

MINING NEWS

BP's struggling Seltrust to make A$50m issue

BY KENNETH MARSTON, MINING EDITOR

WHILE **British Petroleum** is largely preoccupied with its £624m rights issue, the UK oil major might also be pondering the position of its 78.8 per cent-owned Australian mining subsidiary, Seltrust Holdings, which came into the BP orbit as a result of the BP £410m acquisition of London's Selection Trust last year.

Seltrust Holdings announces that it is to make a A$50m (£28.6m) rights issue of "A" shares to holders of "A" and "Z" shares. The terms of the issue are expected to be announced before the end of this month and the issue will be made within the next two months. BP will take up its full entitlement to the issue which is to be underwritten by Schroder Darling.

At the Seltrust Holding's annual meeting in Perth yesterday Mr John Du Cane, the chairman, said that the issue was needed to enable short-term loans to be repaid and to raise the capital base to support *further borrowings* that will be required to cover the foreseeable requirements through most of 1982.

"I realise," he said, "that the current earnings performance does not provide the sort of background which a company would normally regard as desirable for the raising of further funds, but I feel that the shareholders will recognise that it is the longer term prospects to which they should have regard."

Seltrust Holdings, which was created in 1979 as an Australian mining finance house holding the bulk of Selection Trust's mining assets in that country, has had a chequered career. The major problem has been in the technical problems and low metal prices which have hit the big Agnew nickel mine in Western Australia.

As a result, Seltrust Holdings had to delay payment of the first dividend on its preferential "Z" shares which carry a fixed annual cumulative dividend of 17.5 cents (10p). These shares are convertible into "A" Ordinary shares.

While this dividend due on the "Z" shares has now been paid, Seltrust Holdings is again in the position whereby it is unable to declare the "Z" dividend which is due for the half-year to June 30.

Mr Du Cane said that *he* would not be justified in suggesting that the dividend might be paid before some time in 1982. He pointed out that at December 31 Seltrust Holdings had total indebtedness of A$78m of which A$24m was short-term and current liabilities exceeded current assets by some A$17m.

Mr Du Cane, who is now retiring in order to take up an appointment with Amax, added that although it was impossible to forecast when Seltrust Holdings would reach a satisfactory *level of profitability*, "I continue to be optimistic about the world's needs for metals and I am confident that the results we are experiencing at the present are not representative of the company's potential."

In London yesterday, shares of Seltrust Holdings "A" shares fell 15p to 95p and the "Z" shares were similarly lower at 105p.

Hampton Areas improvement

SHARPLY HIGHER profits for the year to March 31 are reported by the London-registered **Hampton Gold Mining Areas**, and the total dividend is lifted to 2.5p a share from 2.25p with a final of 1.75p, against 1.5p last time, after adjustments for a scrip issue and consolidation of the shares.

Earnings were 7.65p a share compared with an adjusted 5.9p.

Operating profits were 24.4 per cent higher at £1.26m. The Yorkshire mining machinery *manufacturer Wultex had a satis-*satisfactory year in the face of difficult trading conditions, with its contribution only slightly down from the buoyant level of the previous year.

The picture was similar at Great Row Collieries in Staffordshire, with a marginally reduced contribution, and new reserves have been established.

Operating profits were boosted by £100,000 from a tribute agreement over the White Hope Gold Mine in Australia, but the main factor in the increase was a rise to £347,000 in net investment income, compared with just £2,000 last year. A major component in this increase was the interest earned on the £5.6m proceeds from last year's rights issue.

Another mainstay of Hampton Areas' income in recent years is the income from a royalty agreement with Australia's Western Mining, which produces *nickel from a property owned* by Hampton.

Income from this source fell to £707,000 from £744,000. Sales were slightly lower (the nickel price was a little higher) but the relative strength of sterling meant a reduced net payment to Hampton.

Net attributable profits came out 64.6 per cent higher at £950,000, helped by a fall in exploration spending to £85,000 from £422,000.

Mr George Livingstone-Learmonth, Hampton's managing director, said this was because a drilling rig was not available for use on the company's North Sea acreage, but drilling has now begun.

Hampton has a 5 per cent interest in the North Sea Sun Oil Group, which was awarded two new blocks in the recent seventh round of licencing. A third well is to be drilled on Block 16/21a, where two previous wells both discovered oil.

The company is pushing ahead with its plans to expand its Australian interests, and intends *to appoint a general manager* to be based down-under to oversee its operations there.

Part of this plan was the proposed acquisition of **Paringa Mining and Exploration**, for which Hampton has offered 62p cash per share or three Hampton shares plus 50p cash for every 10 Paringa.

The Paringa board rejected this offer, and yesterday **Apollo International Minerals**, a little-known Australian exploration company, took its stake in Paringa to 35.7 per cent by buying in the market at 80p.

This leaves the battle for control of Paringa nicely poised, as Hampton has a stake of 25 per cent which it bought from **Cominco of Canada's Australian arm, Aberfoyle**, at prices around the 62p mark. Mr Livingstone-Learmonth had little to say on this subject yesterday, beyond the fact that Hampton is "considering its position."

Hampton shares were unchanged in London yesterday at 215p, while Paringa slipped back 1p to 80p.

Labour unrest hits Beralt

PARTIAL STRIKE action at **Beralt Tin and Wolfram's** mine in Portugal is hitting production and second quarter earnings will be "substantially reduced," *according to Mr Anthony Owston at yesterday's annual meeting.*

As already announced, **Charter Consolidated**, which hold 50 per cent of Beralt, is offering 110p per share for the shares owned in the company by public holders.

The remaining 17.87 per cent held by **Union Carbide** is not subject to this offer and the plan is for Charter to sell Union Carbide sufficient shares (at 110p) to bring the latter's holding to 25 per cent.

Although the price offered for the shares exceeds anything obtaining in the sharemarket since 1973, some shareholders feel that it is not adequate. One of them queried at yesterday's meeting whether the potential benefits of the new shaft being put down at Panasqueira had been taken into account.

Mr Owston promised that such questions would be more fully dealt with at the relevant meetings.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$450	30	31	—	—	—	—	$459
GOLD C	$475	20	18	2	37	2	50	"
GOLD C	$500	2	10 A	14	26	—	—	"
GOLD C	$525	12	7	1	19	—	—	"
GOLD P	$450	40	12	—	—	—	—	"
GOLD P	$475	37	22.50 B	—	—	—	—	"
GOLD P	$500	3	39	5	41	—	—	"
		July		Oct.		Jan.		
ABN C	F300	36	8.40	—	—	—	—	F.302
ABN C	F.320	19	1.40	—	—	—	—	"
AKZO C	F.17.50	10	9.50	—	—	—	—	F.27
AKZO C	F.20	39	7A	50	7.60	—	—	"
AKZO C	F.22.50	94	4.60	133	5.30 A	—	—	"
AKZO C	F.25	318	2.40	136	3.40	58	4.20	"
AKZO C	F.27.50	135	1	174	2.20	52	3	"
AKZO P	F.27.50	—	—	30	1.40	50	1.40	"
HEIN C	F.55	21	0.80	—	—	—	—	F.52.80
HOOG C	F.17.50	20	1.80	—	—	—	—	F.19
HOOG C	F.20	—	—	33	1.90	—	—	"
IBM C	$55	10	½	—	—	10	4 A	$58⅞
KLM C	F.110	55	23 B	—	—	—	—	F.130.20
KLM C	F.120	48	14.70	30	21.50 B	—	—	"
KLM C	F.130	186	8 B	29	16	11	23.50 B	"
KLM C	F.140	117	4.50	—	—	—	—	"
KLM C	F.150	152	2	86	7	21	11.10	"
KLM P	F.100	10	0.50	—	—	—	—	"
KLM P	F.110	152	0.80	26	4.80 A	—	—	"
KLM P	F.120	66	3	—	—	—	—	"
KLM P	F.130	56	6	41	11.80 A	—	—	"
NATN C	F.110	—	—	—	—	10	14	F.118
NATN C	F.115	25	4	—	—	—	—	"
NATN C	F.120	18	2.10	—	—	—	—	"
NATN C	F.125	70	1.10	—	—	—	—	"
NATN C	F.130	—	—	68	1.30	—	—	"
NATN P	F.120	—	—	10	4.50	—	—	"
PHIL C	F.17.50	—	—	25	7.40	—	—	F.24.60
PHIL C	F.20	—	—	74	5.50	109	6	"
PHIL C	F.22.50	133	2.60	71	3.30	21	4.50 A	"
PHIL C	F.25	316	0.90	154	2.30	67	3	"
PHIL C	F.27.50	—	—	303	1.10	437	2	"
PHIL P	F.25	—	—	64	1.20	17	1.50	"
POLA C	$.30	40	3⅝	—	—	—	—	$33⅞
RD C	F.80	11	6.40	136	9	—	—	F.83.70
RD C	F.90	96	0.60	149	3.50	27	5.60	"
RD C	F.95	42	0.30	—	—	—	—	"
RD C	F.100	—	—	173	1.80	—	—	"
RD P	F.80	585	1.30	35	3.50	20	5	"
RD P	F.90	109	7 A	—	—	—	—	"
UNIL C	F.150	32	2.70	101	7	—	—	F.148.30
UNIL C	F.160	—	—	30	2.50	—	—	"
TOTAL VOLUME IN CONTRACTS						6164		

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Leopold Joseph Holdings up to £0.64m after tax

PROFIT AFTER tax of Leopold Joseph Holdings increased from £542,697 to £643,973 in the year to March 31 1981.

Mr Robin Herbert, chairman, says this bank has enjoyed one of its most successful years. After minority profits of £33,973 (£53,925) the attributable amount came out at £610,000 (£488,772) which is a rise of 25 per cent.

In order that shareholders should benefit from this increase the directors are recommending an increased final of 8.577p net (7.627p) per £1 share making a total of 10.452p (9.502p).

This level of dividends absorbs £274,749 (£249,772) leaving retained earnings of £335,251 (£239,000). The earnings per share are stated at 23.21p (18.59p).

"These excellent results arise from additional activity in all the departments of the bank," Mr. Herbert says. Income from lending benefited not only from high interest rates throughout much of the year but also from substantially greater turnover among a growing number of its corporate customers. "It is most encouraging to find that many customers are taking advantage of the wide range of facilities and services which we offer," he adds.

Investment services, foreign exchange, and corporate finance all shared in the increased volume of business. At the same time, the bank's subsidiary in Guernsey made further progress and reported record results.

Looking to the current year Mr Herbert says that although it holds many uncertainties, the company is as well placed as ever to take advantage of any profitable openings. "I regard the future with confidence as an opportunity to build further on the considerable progress made in the last 12 months," he concludes.

At the year end shareholders' funds stood at £6.99m (£6.66m). Current liabilities, provisions and other accounts were £90.4m (£59.85m); cash in hand, at banks and at call £7.67m (£15.14m); short-term loans to local authorities and financial institutions £22.11m (£6.23m); British Government securities, local authority bonds and corporation stock £10.74m (£4.53m); loans and advances to customers, prepayments, amounts due from brokers and other accounts £35m (£16.04m); and customers liabilities for acceptance and confirmed credits £7.49m (£420,796).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Brunner Investment Trust, Duple International, Raeburn Investment Trust.

Finals:—Peter Brotherhood, Craig and Rose, E.R.F., Finance and Industrial Trust, W. L. Pawson, Property Partnerships, Sterling Industries, "The Times" Veneer, Wedgwood, Wilkins and Mitchell, Jones Woodhead.

FUTURE DATES

Interims:—	
Blundell-Permoglaze	July 2
Braid Group	June 26
Romney Trust	July 17
Finals:—	
London and Liverpool Trust	June 29
Moorgate Mercantile	June 23
Nova (Jersey) Knit	June 23
Redland	June 25
Spong	June 26
Tecalemit	June 23
Textured Jersey	June 30

Arbuthnot Latham improves

AN IMPROVEMENT in group profits from £1.31m to £2.47m is reported by Arbuthnot Latham Holdings, merchant banker, for the 12 months to March 31, 1981, and the total dividend is being stepped up from 11p to 12p net with a final of 8p.

After tax the surplus emerged at £1.91m, compared with £1.76m—most of the increase coming from the banking side where profits rose by £149,000 to £792,000. Non-banking profits were marginally ahead at £1.12m, against £1.11m.

Interest charges took £134,000 (£154,000) and after minorities of £260,000 (£310,000) and a share of profits of associates of £57,000 (£5,000) profit before extraordinary credits came through 21 per cent higher at £1.58m (£1.3m).

Extraordinary credits on the non-banking side totalled £875,000 (£11,000 debit) and there was a transfer from capital reserves of £21,000 (£20,000).

Stated earnings per £1 share undiluted were 20.9p (17.6p) and diluted were 19.6p (16.5p).

The directors state that the group has made an encouraging start to the current year.

Flexello incurs £0.6m loss midway and omits interim

IN THE half year to March 31 1981 Flexello Castors and Wheels suffered pre-tax losses of £598,800, against profits of £170,729 last time and in view of the results, the interim dividend is being omitted.

Last year, the company, which makes castors and wheels, paid an interim of 1.41p net but there was no final after second-half losses resulted in a full year pre-tax deficit of £85,418.

The directors say the dividend policy will be reviewed in light of the current year's results as a whole. There has been some improvement in demand over the last three months and if this trend continues, they consider that the company will be trading profitably by the end of its financial year.

In general, given that the recession has bottomed out, prospects for the group in the remainder of 1981 and through 1982 are better and the directors are confident that there will be an improvement in the company's performance over the period, although for the year as a whole it is inevitable that a loss will be incurred, they add.

Turnover for the first half dropped from £5.01m to £3.77m and the loss was struck after exceptional debits of £120,747 (nil). These items comprised employment termination and works reorganisation costs of £80,755 and additional depreciation of £39,992.

There was a tax credit of £324,023, against a charge of £25,437 last time, and stated loss per 25p share was 8.3p (4.39p earnings).

Milford in deficit as EEC quotas hit turnover

IN 1980 the Milford Docks Company, incurred a pre-tax loss of £157,423, compared to last year's profit of £165,930. Turnover also fell, from £2.13m to £1.9m.

Mr C. A. V. Smith, the chairman, blamed the fall in turnover largely on fishing quotas imposed by the EEC and the lower level of economic activity in South Wales.

He said the result also had to bear high depreciation charges and substantial costs in connection with the company's Parliamentary Bill. Depreciation took £118,284 this year compared with £107,556.

"The Bill, without the sections necessitating planning consent, is now before Parliament and is expected to receive its final reading and to be enacted in the further course of the year."

The two main provisions of the Bill are "that it will considerably increase the borrowing powers of the company and permit a measure of diversification denied to the company in the past."

A dividend of 0.5p net per £1 share is to be paid. Last year payments totalled 6.844p.

Commenting on the payment, Mr Smith said: "The directors consider that in view of the losses incurred by the company during the year it would be imprudent to pay other than a nominal dividend required to maintain progress towards achieving trustee status for the company's ordinary stock."

Loss per share is stated as 13.34p compared with earnings of 7.10p.

Hargreaves plunges in second half

A SECOND-HALF plunge from £1.55m to £91,586 has left Hargreaves Group, a holding company with transport and shipping, quarrying and contracting interests, with taxable profits for the year to March 31 1981 down from £4.2m to £2.52m.

At midyear the surplus was £2.43m (£2.65m), including exceptional credits of £1.08m.

The directors are reducing the net dividend total from 3.96p to 2.75p with a final of 1.15p, but say they intend to return to previous dividend levels as soon as circumstances permit.

Attributable profits fell to £1.9m (£3.46m) after tax of £622,616 (£583,588), minorities and extraordinary debits of £52,173 (£179,874). Stated earnings per share are shown as 5.6p (11.1p), and net asset value at 83.5p (81.1p).

The pre-tax surplus was struck after depreciation of £3.81m (£3.3m), interest charges of £622,831 (£81,726) and associate losses of £213,750 (£419,144).

The directors say that while there is no sign yet of an economic upturn, significant reductions in operating costs, together with a strong and liquid balance sheet, will enable the group to benefit quickly when it comes.

STRATEGY FOR RECOVERY

Woolworth eyes tax-cut dollar

BY DAVID LASCELLES IN NEW YORK

AS THE U.S. debate rages over what the American breadwinner will spend or bank with President Ronald Reagan's proposed tax cut, Mr Edward Gibbons, chairman of F. W. Woolworth and Company seems to have few doubts.

"They will spend it. That's what our experience shows," he said with a beam yesterday at a Press conference before his company's annual meeting in New York. Some of that experience was gained in Britain where Woolworth's 52.7 per cent-owned subsidiary noted a rise in sales after Mrs. Margaret Thatcher's Government cut income-tax in 1979.

"If a tax cut means another £150 in a worker's pocket, he's not going to save that money. He's going to spend it on a new hi fi or something," said Mr Geoffrey Rodgers, the chairman of British Woolworth who was over here for the meeting.

Thickset, gravel-voiced, Mr Gibbons seemed pleased at the prospect as well he might. Woolworth, which ranks seventh among U.S. giant retailers, is living in what Mr Gibbons calls "stressful times."

Woolworth fell badly behind during the big shake-up in U.S. retailing in the 1970s when aggressive new chains and discount stores crowded into Woolworth territory.

Profits were down last year, and the company reported a loss in the first quarter. Although the pace of sales remains brisk as the U.S. economy maintains its surprisingly strong momentum, soaring U.S. interest rates have added to the cost of financing inventory and customer credit and fierce competition is paring back margins. The unusual complexity of Woolworth's worldwide operations (which no other major U.S. retailer has) makes it vulnerable to sharp changes in the dollar's parity, like those of the last 12 months.

These upheavals may be interfering with the bold steps Woolworth is taking to restructure its operations, though if U.S. interest rates come down later this year and ease upward pressure on the dollar, the company still hopes that its plans will start paying off in a year or two.

The strategy launched by Mr Gibbons in the late 1970's is to pull Woolworth back from the kind of operation that made it famous, particularly in Britain: the huge High Street variety store offering a broad line of low cost goods. Instead, Woolworth wants toaim at mre specific markets with an array f speciality stores, and cut back on the big emporiums.

Today Woolworth is already much more than a big shop front with the familiar crimson and gold signs. It runs the Kinney Shoe Corporation, a mass shoe merchandiser with several hundred shops which passed the $1bn sales mark last year. In Tandem. It has started up The Foot Locker Chain of shoe shops which offer a higher class of merchandise and service.

Woolworth is also aiming at the fashion-conscious 22-44 year old male with its chain of Richman Brothers clothing stores. More recently it launched what is turning out to be a successful bid to cash in on the Americans' growing obsession with "designer" styles: clothing where the brand name is everything. Called J. Brannam (an acronym for Just Brand Names) the chain buys surplus or end-of-season production of quality brands and sells them at 20 to 60 per cent below prices charged by department and other specialty stores. J. Brannam now has more than 37 stores and expects to have 150 by 1985.

But though specialisation has enabled Woolworth to penetrate selected markets more deeply, it has also exposed it to the vagaries of those markets. Americans bought 100m fewer pairs of shoes last year than in 1978, and though the value of Kinney's sales was up, income was down. The Richman chain, which is located mainly in the recession-prone mid-west, came o ffeven worse. Sales were down sharply and a profit of $4m in 1979 became a loss of $5m last year.

Until these special operations are fully developed the big variety store will continue to account for the bulk of Woolworth's revenues and profits. Grouped in the Woolworth and Woolco discount store division, these have shwn only modest increases in sales and prfits over the last three years. But changes are afoot.

Oversize stores have been sold or pared back, leading to a healthy rise in sales per square foot of selling area. More space is being devoted to clothing which Woolworth expects to become one of the major growth areas of the next 20 years.

According to Mr George Nelson, executive vice-president, Wolco is increasing its apparel mix from 45-55 per cent of the total to 55-65 per cent. The clothing will aimed slightly more upmarket at middle income groups.

Woolworth has also wrested greater control over its operations by buying out a lot of traders who were operating Woolworth stores under licence. It also acquired Apparel Buying Associates, an organisation that had been buying and distributing ladies clothing for the Woolco stores for nearly 20 years. Automation is being stepped up.

Abroad, where Woolworth is in more than a dozen countries, business has lain at the mercy of local conditions and dollar fluctuations, which wiped $4m off earnings in the first quarter of this year alone.

The British subsidiary is by far the biggest, providing the parent with about $60m in equity income a year. Fewer changes are planned there: the big High Street stores will continue to dominate.

All eyes are now on the final quarter of the year which always produces the best gain in sales and—of course—those promised tax cuts. After that, according to Mr Gibbons, "the face of retailing will change fundamentally over the next 20 years. We want to be in the vanguard this time. not behind."

THE WOOLWORTH GROUP

	1980	1979
TOTAL SALES ($bn)	7.22	6.79
NET INCOME (6m)	161	180

U.S. WOOLWORTH and WOOLCO ($m)	1980	1979
Sales	3,754	3,540
Income*	61	78

GERMANY (DMm)	1980	1979
Sales	1,686	1,572
Income*	145	147

KINNEY SHOE CORP (!m)	1980	1979
Sales	1,012	926
Income*	91	93

MEXICO (Pesos m)	1980	1979
Sales	2,031	1,597
Income*	375	251

RICHMAN BROTHERS ($m)	1980	1979
Sales	179	184
Income*	5†	4

WOOLWORTH AND WOOLCO UK (£m)	1980	1979
Sales	952	888
Income‡	61	71

WOOLWORTH, WOOLCO CANADA (C$m)	1980	1979
Sales	1,617	1,507
Income*	74	80

* Before unallocated expenses. † Loss. ‡ Before interest and taxes. Approximate exchange rates: U.S.$=C$1.204; DM 2.349; 24.28 pesos; £0.501.

General Host to finalise Cudahy sale soon

BY TERRY BYLAND

GENERAL HOST, the Stamford, Connecticut, based speciality food retailer, expects to complete the sale of its Cudahy Foods meat processing business by the end of August, Mr Harris Ashton, board chairman and chief executive, said in London yesterday.

The prospective buyers, who are the Cudahy Foods management group, have arranged the financing for the deal and no problems were envisaged in completing the sale, he added.

General Host expects to recover about $20m overall from the disposal, half in cash and half in the utilisation of tax losses. Completion of the Cudahy sale is of great significance to General Host and will underline the group's transition from a commodity-based company to its new role as a speciality foods retailer.

With the acquisition of Hickory Farms for $40.4m last July, about a half of group earnings now come from the speciality retailing business. The baking and leather tanning subsidiaries have been sold over the past few years.

Mr Ashton said that he was happy with Wall Street predictions that group earnings will rise this year to around the $4.80 a share level compared with last year's $4.

He also predicted further substantial growth in earnings over the medium term, stressing that General Host had now completed its "disposal phase" and intended to shed its out-dated image of a meat packing company.

هكذا من الأصل

Convertible bond for U.S. air cargo group

By Francis Ghilès

A $30M convertible bond for the U.S. air freight company, Tiger International, was launched by Goldman Sachs last night. The company is raising the funds through its offshore financing vehicle, Tiger Overseas Finance NV.

The borrower is paying an indicated coupon of 10½ per cent for 15 years while the conversion premium is expected to be set at between 10 and 11 per cent.

The $25m 15-year convertible for Apache International which was priced at par. The final coupon is 9½ per cent and the conversion premium 9½ per cent as well, somewhat lower than the figure initially indicated.

Fixed interest dollar bonds declined by about ½ a point yesterday as a result of the weakness in New York itself brought about by a sharp rise in short-term interest rates. The six month Eurodollar rate moved up yesterday from 16⅞ to 17⅞ per cent. Trading was described by some dealers yesterday as being "very erratic."

One victim of this state of affairs was the province of New Brunswick, which had planned a $75m fixed interest Eurobond through Credit Suisse First Boston. That issue was switched to New York where it was filed yesterday with the Securities and Exchange Commission.

Swiss franc bonds meanwhile gained about ½ points on the day while most of Germany was closed for Corpus Christi.

Fed has doubts on Eurodollar futures plan

By Our New York Correspondent

THE FEDERAL Reserve Board has indicated that it has reservations about plans by the New York and Chicago futures exchanges to begin trading in Eurodollar futures contracts.

Fed opposition need not necessarily kill the plan, but it would be weighed by the Commodity Futures Trading Commission (CFTC) which must approve all new futures contracts.

Eurodollar futures would give participants in the Eurodollar markets a means to hedge against changes in interest rates. Financial futures based on U.S. Government securities have been traded successfully for a number of years by participants in the domestic dollar market.

The Fed's concerns were expressed during a board meeting called to approve comments to be forwarded to the CFTC. The governors felt that a letter drafted by the staff did not express the Fed's concerns in strong enough terms.

The Fed's concern centres on the dangers of manipulation of Eurodollar futures contracts by banks and the possibility that trading would be used for speculative, rather than hedging, purposes.

The fate of U.S. plans for Eurodollar futures is of some interest to the budding London financial futures market, which is toying with the idea of trading Eurodollar certificates or deposit futures.

Pioneer extends takeover bids

SYDNEY — Pioneer Concrete Services, the Australian-based international quarrying and building products group, has extended the closing date for its merger for Kathleen Investments (Australia) and Queensland Mines, its uranium subsidiaries, to July 15 from June 19. It launched a A$182m (U.S.$211m) bid for the shares not already held in March.

Acceptances had been received, it said, for 38.2 per cent of the Kathleen shares it bid for and is now entitled to 74.7 per cent of Kathleen's 12.23m ordinary units. Pioneer owned 59.11 per cent of Kathleen when it made its offer of four of its own shares or A$8.80 cash on March 30.

Pioneer said it was entitled to 72.9 per cent of Queensland Mines' 19.22m issued shares. It offered A$12.10 cash per share or an 11-for-two share swap for the 50 per cent of Queensland Mines stock not owned by Kathleen.

Kathleen and Queensland Mines have both rejected the Pioneer offer as inadequate.

Reuter

Two Australian brokers merge

By Our Financial Staff

BAIN and Company and Ralph W. King and Yuill, two of the largest stockbrokers in Sydney, are to merge with effect from July 1.

The merged business will trade under the name of Bain and Company.

Mitsubishi in nuclear plant talks with Westinghouse

BY IAN HARGREAVES IN NEW YORK

WESTINGHOUSE Electric of the U.S. and Mitsubishi Heavy Industries of Japan have started talks on the development of a modified pressurised water nuclear reactor system designed to meet increasingly stringent Japanese construction standards for nuclear power plants.

Westinghouse said the talks were still at a very early stage and were expected to result in design changes to the shell of future facilities rather than to the reactor system itself. The modifications would be tailored to Japanese standards and would not necessarily be applicable anywhere else.

Japan, being an earthquake prone country, has always had very tight construction standards for nuclear plants and designers of existing systems say they are resistant to seismic shock.

Westinghouse said the latest Japanese standards were merely an extension and intensification of existing principles. They are not expected to be applied to the six nuclear stations Westinghouse and Mitsubishi are currently building in Japan.

Westinghouse's ties with Mitsubishi group date back to 1953. The American company has sold 16 reactor units in Japan, which is one of the largest world markets for nuclear power plant.

● Westinghouse has settled the last of the suits it filed against uranium suppliers in a complex series of legal actions which has enmeshed it since the late 1970s.

It reached an out of court settlement with Phibro, the former Philipp Brothers commodity trading division of Englehard Minerals and Chemical formed when Englehard split itself into two publicly quoted companies earlier this year.

Terms were not disclosed but settlements with other producers have been made on complex terms involving cash and transfers of uranium.

Alcan postpones $32m investment in U.S. plant

BY ROBERT GIBBENS IN MONTREAL

ALCAN ALUMINUM Corporation, the main U.S. subsidiary of Alcan Aluminium of Montreal, has postponed construction of a U.S.$32m heat-treat line at its main rolling and fabricating plant at Oswego, New York, for two years.

The company said the delay was caused by slower than expected growth in demand from the motor industry. The Alcan group in North America has been a leader in providing sheet and other aluminium products to the motor industry and has had extensive talks with both Ford and General Motors on the possible large-scale use of weight-saving forged aluminium parts.

However, the motor companies have made it clear they are not willing to move ahead with the large scale use of aluminium yet because of relatively high costs and possible future problems of supply.

Alcan says that during the next two years it will refine and improve the technology that would have been used at Oswego.

The continuous heat-treat line was designed to produce sheet for the motor industry and also for the aerospace industry. The project was part of the U.S.$85m modernisation and expansion at Oswego. The heat-treat line would have had capacity of 75,000 tonnes a year. However, Alcan still expects to supply the motor industry with 5,000 to 10,000 tonnes of sheet in the next year. Sheet has been used in body sections of several more expensive cars.

The company said the problems of North American car makers have adversely affected the short-term outlook for aluminium sheet demand. The company hopes to receive updated forecasts from the motor industry shortly.

Allied sells Canadian oil and gas units

By Our New York Staff

ALLIED CORPORATION, the large chemicals and energy group, has become the latest of a string of U.S. companies to dispose of their Canadian oil and gas interests because of Canada's restrictive energy policies.

In two deals worth a total of C$472m (US$382m), Allied sold two affiliates, Uno-Tex Petroleum and Union Texas of Canada to, respectively, Husky Oil and Drummond Petroleum. The affiliates are engaged in oil and gas exploration and production in western Canada. They have combined oil reserves of 50.3m barrels and gas reserves of 346.4bn cu ft.

Average daily production in 1980 was 6,343 barrels of oil and 25.4m cu ft of natural gas. Revenues last year were C$89.8m and net income of C$12.9m.

Allied said that the disposal would not affect its other Canadian businesses.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on June 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Am. Air. 15⅝ 86 (WW)	55	100⅛	101⅛	−0⅛	+0⅝	14.97
Amoco 13¼ 88	75	95⅛	95⅝	−0½	−0⅛	14.33
CIBC 14½ 84	185	98½	99	−0⅞	+1	15.00
CIBC 15⅝ 86	75	100⅞	101⅜	−0⅛	+1⅛	14.91
CNE 12¾ 91	100	89½	90	0	+0⅝	14.77
Citicorp O/S 12 87	200	91	91½	−0⅜	+0¼	14.14
Citicorp O/S 15½ 84	175	100¼	100¾	−0⅝	+2⅛	15.28
Con. Illinois O/S 9¾ 86	150	83¾	84¼	−0¼	+0⅛	14.43
Dupont Canada 13½ 91	65	95⅞	96⅛	−0⅜	−0⅝	14.27
EIB 12⅛ 89	75	89⅛	89⅝	−0½	−0⅛	15.13
Eldorado 13⅞ 86	50	94⅜	95⅛	−0⅞	+0⅛	14.78
Elec. de France 13 88	125	92½	93	−0⅛	+0¼	14.74
Export Dv. Cpn. 9½ 86	150	82¾	83¼	−0⅛	+0⅛	14.83
Fed. Bs. D. 12¼ 85 (N)	50	92¼	92¾	−0⅛	−0⅝	14.61
Fed. Bs. D. 15¾ 84 (J)	40	100¾	101¼	−0½	+0⅛	15.30
Fin. Exp. Credit 10½ 85	50	85	85½	0	+0⅞	15.69
Finland, Rep. of 9½ 86	100	80¼	80¾	−0⅛	+0⅛	15.58
Ford Cr. O/S Fin. 16 84	150	102⅛	102⅝	−0⅛	+0½	14.74
Gaz de France 13½ 86	80	95¾	96¼	−0½	−0⅛	14.69
GMAC O/S Fin. 12 87	100	88	88½	−0¼	+0⅛	14.97
GMAC O/S Fin. 12⅞ 88	100	91⅛	91⅜	−0½	+0⅛	14.93
Gen. Mtrs. O/S 11¾ 87	100	88⅛	88⅝	−0½	+0⅛	14.65
Genstar 14¾ 91	50	98⅛	98⅝	−0½	−0⅛	15.05
GTE Fin. 13¾ 86 (WW)	50	96⅛	96⅝	−0⅛	−0⅝	14.82
Hiram Walker 16 86	50	102⅜	102⅞	−0⅛	+0⅛	15.19
IBM Wld. Trade 12½ 88	200	95¾	96⅛	−0½	−1	13.41
Newfoundland 13½ 90	60	94⅝	95⅛	−0⅛	+0⅛	14.53
Nova Scotia 10¾ 90	50	82	82½	−0⅛	−0⅞	14.36
OKB 10 85	50	85⅞	86⅜	−0¼	0	14.75
Ontario Hydro 13½ 91	100	95⅛	95⅝	−0¼	+0¼	14.37
Quebec Hydro 11½ 92	100	83⅛	83⅝	−0⅛	+0¼	14.63
Queb. Hy. 13 91 (WW)	100	89⅛	89⅝	−0⅛	+0¼	15.12
Royal Bk. Canada 14 86	100	98⅜	98⅞	−0⅜	+0½	14.38
SNCF 13 91	75	91	91½	−1⅛	−0⅛	14.71
Sth. California Ed. 14 87	50	97½	98	−0⅜	−1⅛	14.56
Sven Handlsbk. 13¾ 88	45	93¾	94¼	−0⅛	+0⅛	15.19
Sweden 12⅝ 85	150	91⅜	91⅞	−0⅛	−0⅛	15.14
Swed. Ex. Credit 13 86	75	91⅞	92⅜	−0⅜	+0¼	15.45
Swed. Ex Cred. 15¾ 88	50	100⅜	100⅞	−0½	+0⅛	15.54
Tordom Corpn. 15½ 86	25	100⅞	101⅜	−0¼	−0⅜	15.16
Toronto-Dom. Bk. 14 84	50	97⅛	97⅝	−0⅛	+0⅛	15.15
Trihune O/S Fin. 14 86	50	96⅝	97⅛	−0⅜	+0⅛	14.91
Wells Fargo Int. 15½ 84	50	100½	101	−0⅛	0	15.17
World Bank 9¼ 85	200	85⅛	85⅝	−0⅜	0	14.86
World Bank 10¼ 87	300	82⅞	83⅜	−1⅜	−0⅛	14.67

Average price changes... On day −0⅜ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	*99	99¾	+0½	+2	10.09
Austria, Rep. of 8¾ 92	150	*86¼	87	+0⅛	+0⅛	10.30
CECA 7⅞ 92	150	*†86	86½	+0½	+1⅛	9.96
CECA 10 91	120	*†101	101¾	0	+1½	9.76
CII-Honeywell 8¾ 90	125	*†88¾	89½	+0½	+1⅛	10.26
Council of Europe 10 91	100	*99⅜	100⅛	0	+1⅛	10.03
EIB 8½ 90	200	*89¼	90	+0⅛	+1⅜	10.27
EIB 10½ 91	200	*†100¾	101½	0	+1	10.30
ESCOM 9¾ 87	100	*91⅝	92¼	+0½	+0⅛	11.04
Finland, Rep. of 10 89	100	*98⅛	99⅛	+0¼	+1	10.18
Iberduero SA 9 90	100	*†89	89¾	+1⅛	+2⅜	10.89
Ind. Bk. Finland 8½ 90	50	*†88¾	89½	+0½	+0¼	10.35
Int.-Am. Dv. Bk. 10 91	100	*†100¼	101	+0¼	+0⅛	9.88
Japan Air Lines 8¼ 87	100	*92⅜	92⅞	+1⅜	+1¾	9.73
Japan Dev. Bk. 7⅝ 87	100	*87¾	88½	−0⅛	+0¼	10.30
Kobe, City of 8 90	100	*87⅝	88⅜	+1⅛	+1⅞	10.08
Midland Int. Fin. 8½ 90	100	*89⅛	90	+0¼	+1⅜	10.27
Nuclebros 9¾ 88	100	*†85¼	86	0	+1	12.90
OKB 6¾ 92	150	*†85½	86¼	+0½	+1⅛	10.47
Oslo, City of 8¾ 90	80	*90⅝	91⅜	+0¼	+0⅝	10.35
Venezuela, R. of 9¾ 90	150	*94⅞	95⅝	+1⅛	+2⅛	10.64
World Bank 8 90	700	*86¾	87½	+0⅜	+2	10.23
World Bank 10 88	150	*100⅛	100⅞	−0⅛	+1	9.85

Average price changes... On day +0⅛ on week +1⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	60	†96	96½	−0⅛	+1⅝	7.04
BFCE 6½ 91	100	95⅜	95⅞	+0½	+1	7.15
Bayer Int. Fin. 5⅞ 92	100	90¼	90¾	−0⅛	+1½	6.48
Bergen, City of 6¾ 91	40	99¾	100	+0¼	+0¾	6.76
Bhrmn.-Tetterode 7 90	40	99	99¼	+0¼	+0⅛	7.13
CECA 6¾ 91	80	96	96½	+0½	+0¼	7.31
Denmark 5¾ 90	80	88¼	88¾	+0⅞	+0⅞	7.56
Dome Petroleum 5⅞ 91	100	94⅞	95⅛	+0⅜	+0½	6.46
Elct. de France 5⅞ 90	100	91½	92½	+2⅞	+3⅛	6.42
Eurofima 5¾ 92	80	98½	99	−0¼	+0¼	5.90
F. G. H. Hypo. Bk. 6 90	50	94½	94¾	−0¼	+1⅛	6.82
Finland, Rep. of 5⅞ 90	80	†88	89	−0⅛	+3	7.39
Franc. Petroles 6½ 91	80	96¾	97	+0⅛	−0⅛	6.95
Genstar 7 91	100	102½	102¾	0	+0⅛	6.63
Int.-Amer. Dv. Bk. 7 91	100	98½	98¾	−0⅛	+0⅛	7.19
Japan Dev. Bank 5¾ 90	100	94½	94¾	0	+1⅜	6.63
Mt. Blanc Tunnel 5½ 90	60	91	91¼	−0⅛	+3½	6.82
Nawag 5¾ 90	80	†92	93	+0⅞	+1⅞	6.89
OKB 7 93	100	99⅞	100⅜	+0⅛	+0⅛	7.00
Oslo, City of 5⅞ 90	80	†92	93½	+0½	+0⅜	6.87
Philips Lamps 5¾ 92	100	89¾	90	+0⅛	+2	6.56
Swed. Ex. Cred. 7¼ 91	75	96¾	97	−0½	−0¼	7.71
Trade Dev. Fin. 6⅞ 90	50	92	92¼	+0⅛	+0⅛	7.32
Voest-Alpine 5¾ 90	80	90¼	90½	+0¼	+1	7.20
World Bank 6 91	100	94⅛	94⅝	+0½	+3⅛	6.83
World Bank 7 90	100	101½	101¾	0	−0⅛	6.74

Average price changes... On day +0⅞ on week +1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bk. 8⅞ 91	15	97⅞	98⅞	0	+0⅛	8.49
Australia 6⅞ 88	20	85¾	86¾	0	+0½	9.28
EIB 7¾ 89	12	91⅞	92⅞	0	+0½	9.10
Finland 5.6 83	10	90⅞	91⅞	0	+0⅛	9.77
Finland 6.8 88	10	85¾	86¾	0	+0¼	9.61
Finland, Rep. of 8⅝ 87	15	97⅞	98⅞	0	+0¼	8.73

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10¾ 86 C$	60	87½	88½	0	+0½	14.08
CIBC 13½ 85 C$	50	94⅛	95⅛	0	+0⅛	15.40
CIBC 11½ 85 C$	60	86¾	87¾	−0⅛	+0⅛	15.97
Federal Dev. 11½ 90 C$	60	†81	82	−0⅛	+0½	15.40
Fst. Can. Inv. 10 84 C$	50	†86	87	−0⅛	+0⅛	16.15
R. Bk. Canada 10 88 C$	40	89	90	0	−0⅜	13.01
Tordom Cpn. 13½ 85 C$	30	†94½	95½	0	+0⅞	15.26
M. Bk. Dnmk. 9 91 EUA	25	87¾	88½	0	−1⅜	10.99
SOFTE 8¼ 89 EUA	40	87¾	88½	0	0	10.60
U. Bk. Nwy. 9½ 90 EUA	18	96	97	0	−0½	10.11
Algemene Bk. 10¾ 86 Fl	60	95¼	95¾	−0⅛	+1	11.51
Bk. Mees & H. 10 85 Fl	75	94⅛	94⅝	−0⅛	+1	11.78
Heineken NV 10 87 Fl	100	93½	94	0	+0⅛	11.48
Nat. Nedrlndn. 10 88 Fl	60	94¼	94¾	−0½	+0½	11.19
Ned. Midd. Bk. 10 85 Fl	75	93¾	94¼	−0⅛	−0⅜	11.85
Pierson 10⅛ 86 Fl	50	94½	95	0	+0⅛	11.73
Air France 14⅞ 86 FFr	200	91⅞	92⅞	+0⅛	+0½	16.88
Bk. America 14½ 86 FFr	250	90⅛	91⅛	+0¼	−0¼	17.47
Charb'nages 13⅞ 85 FFr	400	90¾	91¾	−0⅛	−0¼	16.71
EIB 14⅞ 88 FFr	300	86	87	−0⅛	−3	17.69
La Redoute 14¾ 85 FFr	125	87½	88½	−0⅛	−1⅛	18.41
OKB 14 86 FFr	400	92	93	+0⅛	+0⅛	16.35
Solvay et C. 14¾ 86 FFr	200	98⅜	99⅜	−0⅜	−0⅞	14.98
Swed. E. C. 14⅞ 86 FFr	250	90¼	91¼	−0⅛	−0¼	17.57
U. Mex. Sts. 14 85 FFr	150	89⅜	90⅜	+0⅛	−0¼	17.75
Acona 14 85 £	20	94¼	95¼	−0⅛	+0⅛	15.84
Beneficial 14⅞ 90 £	20	87⅞	88⅞	0	+0⅞	16.72
BNP 13½ 91 £	15	90⅝	91⅝	0	−0⅛	15.28
CECA 13½ 88 £	20	92⅝	93⅝	0	+1½	15.15
Citicorp O/S 13½ 90 £	50	94¼	95	0	+0⅞	14.59
Fin. Ex. Cred. 13¼ 86 £	15	93⅝	94⅛	0	+0⅛	15.57
Gen. Elec. Co. 12½ 89 £	50	89	89¾	0	+0⅜	14.86
Hiram Walker 14⅞ 86 £	25	95⅞	96⅜	−0⅛	+0½	15.36
Privatbanken 14½ 88 £	12	92½	93¼	+0⅛	+1½	16.20
Rothschild 14¾ 90 £	12	94⅝	95⅛	+0¼	+0⅝	15.27
Royal Trustco 14 86 £	12	96¾	97	+0¼	+1⅞	14.99
Swed. Ex. Cr. 13¾ 86 £	20	94	94¼	−0¼	−0⅛	15.45
Banobras 8¼ 90 KD	7	†90	90½	0	0	9.95
CCCE 8⅛ 91 KD	10	†82¾	83¼	0	0	11.05
Sonatrach 8½ 90 KD	12	†93	93½	0	0	9.86
Akzo 9¼ 87 LuxFr	500	89⅜	90⅜	0	+2⅛	11.56
Euratom 9¾ 88 LuxFr	500	86¼	87¼	0	0	12.82
Eurofima 10½ 87 LuxFr	500	91	92	+0⅛	−0¼	12.49
EIB 9¾ 88 LuxFr	600	89⅜	90⅜	0	−0¼	12.03
Volvo 9¾ 87 LuxFr	500	86¾	87¾	+0⅛	+0⅞	12.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅞ 90	0¼	98¾	99¼	18/6	19½	19.80
Bank of Tokyo 5⅞ 89	‡0⅛	98⅜	98⅞	25/7	16½	16.73
BBL Int. 5 86	0¼	99⅞	100⅜	20/11	18.31	18.29
BNP 5½ 88	‡0⅛	99	99½	29/7	16.44	16.56
CNT 5¾ 86	§0¼	99⅜	99⅞	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0⅛	98	98½	5/8	17.31	17.62
Citicorp O/S Fin. 84	‡0 —	99⅛	99⅝	30/6	18⅞	18.99
C. Itoh 5¾ 87	0⅜	98¾	99¼	18/9	15.44	15.58
Co-operative Bk. 6 86	0⅞	99⅞	100⅛	15/11	19.56	19.54
Den Norske Credit 6 90	‡0⅞	98⅝	99⅛	5/8	17.31	17.51
Genfinance 5¾ 87	0¼	99	99½	30/10	16.94	17.07
Giro und Bank 5¾ 91	‡0⅛	98¼	98¾	23/6	14.05	14.28
GZB 5½ 89	‡0⅛	98⅞	99¼	1/8	17.31	17.49
GZB 5¾ 92	‡0⅛	98¾	99¼	5/9	17⅛	17.42
Ind. Bank Japan 5⅞ 87	0¼	99⅜	99⅞	15/10	17.06	17.13
Ind. Bank Japan 5¾ 88	0¼	98⅞	99⅜	9/10	16.44	16.58
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅜	3/7	14½	14.93
Lloyds Eurofin 5¾ 92	0⅛	99⅛	99⅝	4/12	17.44	17.55
LTCB Japan 5¾ 86	0⅜	99⅝	100⅛	13/12	17¼	17.27
Man. Hanov. O/S 5¾ 94	‡0⅛	99½	100	30/8	19.06	19.11
Merrill Lynch O/S 87	0⅛	100¼	100¾	7/8	20.44	20.34
Midland Int. Fin. 5¾ 92	0⅛	99¼	99¾	5/12	17⅛	17.48
Midland Int. Fin. 9 91	0¼	98¼	98¾	30/10	16.81	17.07
Nacional Fin. 6⅛ 86	0¼	99	99½	25/7	17⅞	17.88
Nacional Fin. 5½ 88	0¼	96⅞	97¼	25/9	14⅞	15.34
Nat. Bk. Canada 5¾ 88	0¼	97⅞	98⅜	24/9	14½	14.80
Nat. West. 5¾ 94	§0⅛	98	98½	14/10	16.19	16.48
Nat. West. 5⅞ 92	§0⅛	98⅛	98⅝	23/10	16.81	17.09
Pemex 6 91	0⅜	97	97½	8/10	15.31	15.75
Sparebanken 6 87	0⅛	98¾	99¼	19/6	19⅞	20.08
Standard Chart. 5¾ 90	0⅛	98⅞	99⅜	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅝	15/7	17.81	17.88

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	99⅞	101⅛	+0¼	14.44
Canon 6¾ 95	1/81	829	176⅞	178⅛	0	−0.83
Credit Suisse 4¾ 93	10/79	1236	85½	87½	−0⅜	−3.05
Digicon Fin. 8½ 95	10/81	29.5	105½	106½	0	10.69
Fujitsu 5½ 96	7/81	732	104¾	105¾	−2⅛	8.63
Hanson O/S Fin. 9½ 96	8/81	2.74	94½	96	−0½	−0.81
Ina Overseas 8¾ 2000	4/81	42	114⅞	116⅛	−2	−1.00
Inchcape 8 95	2/81	4.55	81½	83	−0⅛	2.80
Kotobukiya Co. 7 96	4/81	619	†96½	97½	−1¼	−1.87
Marion Int. Fin. 9 95	12/80	15.5	*84	86	+3⅛	26.93
Matsushita El. 7½ 95	11/80	590	99⅜	100⅜	−1½	−0.73
NKK 6½ 96	7/81	188	118½	119½	−0¼	25.74
Ricoh 6⅞ 95	8/80	604	140⅜	141⅜	0	−2.24
Sumitomo M. Ind. 7 95	2/81	181	152	153¼	−4	−2.14
Swiss Bk. Cpn. 6¾ 90	9/80	200	74¾	76¼	−0⅛	25.10
Taylor Woodrow 8¾ 90	1/81	4.94	89	90	−1⅛	−0.18
Tokyu Land Cpn. 7¾ 96	4/81	325	98	99	+0¼	10.00
Transco Int. 8¾ 95	2/81	68	81⅞	83⅛	−0⅛	40.25
Tricorp 8½ 95	12/80	31.25	80½	81½	−2⅛	13.13
Union Bk. Switz. 5 89	2/80	70.79	74½	76½	−0¼	2.97
Fujitsu 5 84 DM	7/79	431.5	*186¾	187¾	−3	−0.25
Sharp Cpn. 6½ 88 DM	9/80	595	*191¾	192¾	0	−1.54
Uny Co. 6½ 85 DM	11/79	879.3	*120	121	+0½	−2.53

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

How one becomes number one.

Mergers and Acquisitions in just the first 5 months of 1981:
Over $12 billion–largest market share worldwide
Our biggest transaction: over $2 billion
More than half involve less than $100 million each
Twenty-five percent are international

1981 to date

	Transaction Value
Fluor Corporation*	
acquisition of St. Joe Minerals Corporation	$2,730,000,000
Standard Brands Incorporated*	
merger with Nabisco, Inc. to form Nabisco Brands Inc.	$2,053,000,000
Cooper Industries, Inc.	
acquisition of Crouse-Hinds Company	$782,000,000
acquisition of Kirsch Co.	$102,000,000
Twentieth Century-Fox Film Corporation*	
acquired by Marvin Davis	$818,000,000
Crocker National Corporation*	
part interest acquired by Midland Bank Limited	$815,000,000
The Bendix Corporation	
sale of its 20% interest in ASARCO Incorporated back to ASARCO Incorporated	$336,000,000
sale of Bendix Forest Products Corporation to Kohlberg, Kravis, Roberts & Co.	$425,000,000
The Penn Central Corporation	
acquisition of GK Technologies, Incorporated	$715,000,000
Westinghouse Electric Corporation*	
acquisition of Teleprompter Corporation	$646,000,000
International Harvester Company*	
sale of its Solar Turbines International Division to Caterpillar Tractor Co.	$505,000,000
General Foods Corporation	
acquisition of Oscar Mayer & Co. Inc.	$468,000,000
New England Nuclear Corporation	
acquired by E.I. du Pont de Nemours and Company	$350,000,000
Philip Morris Incorporated	
acquisition of minority interest in Rothmans International Limited	$350,000,000
RCA Corporation	
sale of Oriel Foods Group (U.K.) to Argyll Foods Limited	$70,000,000
sale of Picker Corporation to The General Electric Company Limited of the United Kingdom	$153,000,000
sale of Raco Inc. to Harvey Hubbell Incorporated	$38,000,000
Petro-Lewis Corporation	
acquisition of the Beta field interest of Occidental Petroleum Corp.	$227,000,000
Chicago, Milwaukee, St. Paul and Pacific Railroad Company	
sale of timberland and mineral rights to Potlatch Corporation	$135,000,000
sale of timberland and mineral rights to ITT Rayonier Inc.	$45,000,000
Orion Capital Corporation*	
sale of Bankers National Life Insurance Co. to H. F. Ahmanson & Company	$134,000,000
United Refining Company	
acquired by Coral Petroleum, Inc.	$120,000,000
Banca Commerciale Italiana*	
acquisition of LITCO Bancorp	$113,000,000
General Health Services, Inc.	
acquired by Hospital Corporation of America	$96,000,000
Culbro Corporation	
sale of Ex-Lax Pharmaceutical Co., Inc. to Sandoz Ltd.	$94,000,000
The Olivetti Group*	
merger of its U.S. Subsidiary Olivetti Corporation with Savin Corporation	$63,000,000
Shawmut Corp.*	
acquisition of Worcester Bancorp	$47,000,000
Lambda Technology Incorporated	
acquired by General Electric Company	$30,000,000
McCormick & Company, Incorporated	
acquisition of Stange Co.	$24,000,000
AMF Incorporated	
acquisition of Geo Space Corporation, a subsidiary of Applied Magnetics Corporation	$23,000,000
A.V.C. Corporation	
acquired by Raybestos-Manhattan, Inc.	$18,000,000
Esquire, Inc.*	
acquisition of Allyn and Bacon, Inc.	$15,000,000
Hunt Manufacturing Co.	
acquisition of X-ACTO Division of CBS Inc.	$15,000,000
Energy Transportation System Inc.	
sale of 25% interest to Atlantic Richfield Company	$9,000,000
Bunzl Pulp & Paper Ltd.	
acquisition of Jersey Paper Company, Inc.	$8,000,000
Sandvik Inc.*	
acquisition of Balas Division of Warner & Swasey Company	$7,000,000
Rugby Portland Cement	
acquisition of 1/3 joint venture interest with IFI International in U.S. Cement Inc.	$5,000,000
Total	**$12,584,000,000**

*Transaction in progress as of 5/28/81.
LBKL clients listed in bold type.

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Henkel sees setback after flat year

By Our Financial Staff

HENKEL, the West German chemicals, cosmetics and detergents group, expects lower profits for 1981, after a flat performance in the previous year.

For 1980 net earnings rose by less than 5 per cent to DM 86m ($37m) on sales 12 per cent higher at DM 7.6bn. Domestic sales were 6 per cent higher, while foreign turnover rose by almost a fifth.

After five months of 1981, sales were running some 10 per cent ahead but Henkel is facing considerable cost pressures. As a result the earnings picture for 1981 is "worsening."

In 1980 foreign sales accounted for 58 per cent of group turnover, up from 54 per cent in 1979.

Herr Konrad Henkel, chairman of the parent company's supervisory board, said Henkel would remain a family-owned enterprise. Henkel controls about 35 domestic and more than 20 major foreign affiliates.

Pointing to rising costs, Herr Helmut Sihler, management board chairman, explained that prices for all petrochemicals on which many Henkel products are based had increased sharply in 1980 and it was difficult to pass on higher costs in sales prices. This trend was likely to continue in 1981.

Group capital spending rose to DM 163m in 1980 from DM 123m in 1979 and new spending projects started domestically in 1981 would have total volume of DM 200m.

Last year Henkel spent DM 167m on the research and development of new products.

Fokker may propose equity financing

By Our Financial Staff

FOKKER is considering an issue of new shares in connection with the 150-seat passenger aircraft that it is developing jointly with McDonnell Douglas of the U.S.

A financing strategy would not be disclosed until late this year when the Dutch and U.S. aircraft manufacturers were expected to make a final decision on constrution of the MDF100 aircraft, Fokker said.

Industry analysts put development costs of the new aircraft at about $2bn. The cost to Fokker will depend on what portion of production takes place in the Netherlands.

Fokker and McDonnell Douglas will present the aircraft design to a small group of aircraft companies in July. Commitments for the purchase of 75 to 100 aircraft will be needed before the partners make a final decision on development. Talks are in progress with Delta Air Lines, United Airlines and KLM.

Banco Central to apply for Wall Street share listing

BY ROBERT GRAHAM IN MADRID

BANCO CENTRAL, one of the largest two banks in Spain, is to seek a listing for its shares in New York:

If the move goes ahead, *Banco Central, which gets more* than a third of its profits from outside Spain and which has sizable assets in Latin and North America, will be the first European bank to be listed on Wall Street.

The bank claims that it is already in the process of preparing consolidated accounts in readiness to meet the U.S. Securities and Exchange Commission's stringent requirements on accounting disclosure.

Central, which vies with Banesto to be Spain's biggest bank, achieved pre-tax profits of *Pta 11.3bn ($125m) for* 1980, up 37 per cent. The result has been achieved despite a provision of Pta 15bn to cover amortisations, doubtful debts and portfolio writedowns.

During the year the return on total resources employed rose from 0.99 per cent to 1.1 per cent.

The main explanation for the sharp jump in profits is higher interest rates, tighter management and an expansion in foreign business. Sen Alfonso Escamez, Central's president, said that almost 35 per cent of profits came from foreign operations.

Central is now "reaping the benefits of more than a decade of solid expansion" in Central and Latin America. It is also moving into the U.S. and Canada with local bank operations.

In 1980 Central acquired United Americas Bank, a small New York-based bank with six branches and deposits of $40m. It has now been renamed Banco Central of America.

The bank proposes to set aside Pta 4.1bn for dividends, 25 per cent more than in 1979. A further Pta 4bn (up 28 per cent) is being put in reserves. Capital and reserves now total more than Pta 80bn.

On a consolidated basis capital and reserves total Pta 82bn while deposits top Pta 1.000bn, compared to Pta 934bn (up 18 per cent) under Central's present system of accounting.

Spanish bid for Lopez hits snag

BY OUR MADRID CORRESPONDENT

EFFORTS BY Spain's seven largest private banks to form a consortium to prevent Banque Nationale de Paris from acquiring the Spannish commercial bank, Lopez Quesada, have run into difficulties.

Eleven days ago, the big seven made a rival bid for Lopez Quesada which was inferior to that from BNP. The precise figure of the two offers has not been released but it is no secret that the lower bid from the local consortium puts the Bank of Spain and the Government in an embarrassing position.

The consortium bid for Lopez Quesada was made in tandem with an offer for another small bank, Meridional, which, originally, had been the subject of an individual offer from a consortium member, Vizcaya.

The Spanish authorities have ruled that the offer for Meridional from Vizcaya should take precedence over that from the consortium and as a result Vizcaya is to acquire Meridional for Pta 1.2bn ($13m) plus the repayment of certain central bank loans.

It is this ruling that now casts doubts over the viability and acceptance of the consortium's offer for Lopez Quesada.

Two inter-related issues are at stake in the formation of the consortium. First, the more conservative among its seven members are determined to prevent greater foreign penetration of the Spanish banking industry, after the purchase by Barclays in January of Banco de Valladodid. This, in turn, has created a confrontation between them and the Bank of Spain over the latter's desire to press ahead with liberalisation of the country's banking and financial system.

Secondly, the big seven are concerned about a new crop of banks being in difficulties. There is talk of between eight and 10 such banks, mostly small, but some medium-sized, being in trouble. It is thought that the consortium would in future take over ailing banks.

This would effectively suppress the role played since 1978 by the so-called bank hospital, the Corporation Bancaria. The Corporacian, run and funded jointly by the Bank of Spain and the private banks has been administering both Lopez Quesada and Meridional.

One of the points of disagreement on the formation of a consortium to supplant the Corporacian has been the inclusion of the Banco Exterior, which in terms of capital and deposits is as large as the big seven, but is excluded from this ranking because the Government is a shareholder.

Adjudication on the fate of Lopez Quesada is unlikely this week. One solution being suggested to avoid offending both the foreign banks and the Spanish banking community is that the state should take over the bank. This solution is not favoured by Bank of Spain.

Skis Rossignol earnings plunge

BY TERRY DODSWORTH IN PARIS

SKIS ROSSIGNOL, the leading French ski manufacturer and a former star performer on the Paris Bourse, say its profits trimmed virtually to the bone last year after a worldwide slump in the winter sports market.

According to M Laurent Boix-Vives, the chairman, the company's situation is unlikely to improve in the current year. This means that the group will almost certainly slump into losses, compared with the wafer-thin FFr 160,000 ($29,000) net profit declared for the 1980-81 financial year, ended in March.

The effect of the downturn in the market is clearly seen in the company's sales, which rose by only 6.8 per cent to FFr 854.7m consolidated, despite the inclusion of Apres-Ski Isba in the results for the first time. Unit sales of skis dropped by 8.5 per cent to 1.8m pairs.

During the current period, Skis Rossignol sees further problems arising from the sharp increase in interest rates. Debt servicing cost the group FFr 78.8m last year, and this cost is expected to increase by 25 per cent in the 1981-82 period, accounting for 11 per cent of turnover.

To tackle these problems, the company has started to rationalise, trimming its labour force by almost 9 per cent last year. It now aims to introduce short-time working, but says that if the situation does not improve, there will be further redundancies.

● The Elf-Aquitaine oil group has set up a joint subsidiary with the Satec agricultural engineering company of France which will specialise in the design and management of agricultural projects, and will operate outside France, AP-DJ reports from Paris. Elf has an 80 per cent interest in the subsidiary, Elf Cereales Devoloppement, and Satac the remainder.

Asean Resources plans HK$271m rights issue

BY ADRIAN BOYEN IN HONG KONG

ASEAN RESOURCES, a small listed property company emerging from tangled financial problems, yesterday announced a HK$271.5m (U.S.$50m) rights issue, to be followed by the purchase of two properties with HK$325m in shares and HK$121.9m in cash, or a total of HK$446.9m (U.S.$80m), and then a one-for-one scrip issue.

The total value of the transactions is almost double the company's market capitalisation and is expected to bring it back into profitability after several years of severe losses that resulted from irrecoverable loans made under a board which resigned in 1978.

The rights issue is a two-for-one at 20 cents a share, compared to the closing price in the market yesterday of 59 cents. The company was forced into losses for 1980 of HK$37.7m after writing off bad debts and investments.

The more valuable of the two properties being purchased is a 307-unit residential complex in Singapore due for completion in 1984. Asean will pay for it with 508.34m shares valued at HKcents28 each and S$38.34m (U.S.$18m) in cash. The other property is a commercial building in Hong Kong due for completion in 1983 and to be purchased with 355.71m shares valued at 28 cents each and HK$24.9m in cash.

At the end of the process, Asean Resources' estimated net asset value will come to about 32 cents a share. Asean Resources earlier made a HK$57m rights issue to wipe out a HK$24.5m deficit in shareholders' funds and buy two other properties.

Tighter rules for Hong Kong stock market

By Our Hong Kong Correspondent

MR UISDEIN McINNES, Hong Kong's Commissioner for Securities, has revealed that his office is in the final stages of preparing criteria for admitting securities to listings on the stock exchanges and is also considering tighter enforcement of rules for trading in commodities and for takeover bids.

Mr McInnes gave no details of what the new listing rules will comprise but they are understood to contain guidelines concerning the listings of companies that are too small or of too little interest to Hong Kong investors to allow sufficient marketability of their shares.

The guidelines would be voluntary only and largely reflect the existing listing criteria of the four stock exchanges, but in a more definitive form. The exchanges have been criticised in the past for allowing doubtful listings during sustained bull markets.

Mr McInnes also said that unscrupulous commodities salesmen were apparently still preying on the Hong Kong public despite recent legislation to regulate their activities. His office was drafting rules with which syndicated commodities trading schemes must comply before their participants could be granted licences.

Union Reinsurance lifts revenue

BY JOHN WICKS IN ZURICH

THE SWISS reinsurer, Union Reinsurance Company, increased its gross premium income by 13.6 per cent to SwFr 436.5m ($214m) last year. Of the total SwFr 197.2m was accounted for by fire reinsurance, SwFr 84.2m by casualty and third-party business and SwFr54.3m by life.

Because of an underwriting loss of SwFr 12.1m on non-life reinsurance operations and an underwriting profit of only SwFr 1.5m on life reinsurance, the overall underwriting deficit rose from SwFr 7.8m to SwFr 10.6m.

However, higher capital earnings resulting from increased interest rates improved net profit from SwFr 3.12m to SwFr 3.29m. The board recommends an unchanged 12 per cent dividend.

Esselte shows decline in profits

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ESSELTE, the Swedish office supplies, graphics and packaging group, reports a 12 per cent decline in earnings to SKr 281m ($56m) for the year ended March 31, the first fall after raising profits for nine consecutive years. The Board, however, proposes to raise the shareholders' dividend by SKr 1 to SKr 8 a share, making a total payment of SKr 51m.

The profit setback had been expected in the nine-month interim report, in which it was attributed to a sharp drop in U.S. demand and sluggish sales in Britain. In the preliminary report issued yesterday Esselte foresaw some improvement in the American and British markets in 1981-82 and forecast a profit recovery.

Esselte's sales in 1980-82 grew by 15 per cent to SKr 4.72bn ($945m). A further increase of around 10 per cent is expected for the current year.

The 12 per cent earnings decline is arrived at after adjusting for a change in Esselte's accounting method, involving its leasing contracts. Under the new method the previous year's pre-tax profit would have come out at SKr 321m instead of the SKr 305m reported.

The preliminary figures for 1981-82 show earnings down from SKr 309m to SKr 280m after adjustments for currency differences and extraordinary items but without allowing for the change in accounting methods. The adjusted return per share for 1980-81 is SKr 22 compared with SKr 24.

 INTERNATIONAL COMPANIES and FINANCE

Sales rise underlines recovery at Krone

By Leslie Colitt in Berlin

Krone, a producer of telecommunications equipment information systems and high voltage engineering equipment in West Berlin, boosted sales 18.6 per cent last year to DM 217m ($92.46m).

This marked its full recovery from a series of losses in the 1970s that led to the city-owned Berliner Bank buying a large block of the company's shares. Operating profits last year rose 15 per cent but no figures were given.

The family-owned company last year bought back the shares held by the Berliner Bank after healthy profits were made in 1979 on new equipment for the West Berlin Bundespost. Krone was one of the three West German companies which developed push-button telephones for the Bundespost.

This year Krone hopes to expand sales by 10 per cent and in the first five months recorded 5 per cent growth. The company, situated in a remote corner of Berlin, lost its bombed East Berlin factories after the Second World War and started anew in West Berlin with Marshall Plan aid.

Last year Krone opened an assembly plant in the UK near Bristol and plans to start manufacture in Britain soon. The company has a factory in Austria in addition to its West German plants and has begun producing telecommunications equipment in Australia at Wyong, near Sydney.

Krone's main customers, in addition to the Bundespost, are the Dutch PTT, British Telecom, Argentina and, since last year, Australia.

In addition to telephones, Krone produces cable distribution equipment.

JVC earnings boosted by strong VTR turnover

BY YOKO SHIBATA IN TOKYO

VICTOR COMPANY of Japan (JVC), the Japanese consumer electronics concern has reported sharp growth in consolidated earnings for the year to March 20 because of continuing strong demand for video tape recorders (VTRs).

JVC's consolidated net profits jumped by 74.9 per cent to Y18.87bn ($84.5m) on sales of Y482.29bn ($1.96bn) up 34 per cent over the previous year. Per share profits moved up to Y107.74 from Y72.66 a year earlier. Consolidated net earnings—including JVC and 44 subsidiaries—were 1.3 times higher than the unconsolidated level of Y14.38bn.

VTR sales gained by 59 per cent to Y194.7bn, with a marked increase in European market, where the bulk of the group's JVC supplies with original equipment are located. Sales of audio equipment advanced by 30 per cent to Y118.4bn and accounted for 27 per cent of turnover.

Exports, mostly VTRs and audio equipment, increased by 56 per cent to account for 58 per cent of the total sales compared with 50 per cent in the previous year. More than 70 per cent of JVC's exports were contracted in yen, which helped the company to stave off the impact of the yen's appreciation.

Strong sales of high value added products such as VTRs and improved earnings from overseas sales subsidiaries accelerated the upward trend of earnings.

In the current fiscal year to March 1982, the company sees a 40 per cent increase in sales of VTRs with production of VTRs stepped up by 50 per cent to 1.5m. In order to meet this target the company plans to spend Y20bn to expand production capacity for VTRs. Total capital outlays will be Y35bn.

Consolidated net earnings are projected at Y23bn, up 23 per cent, on consolidated sales also 23 per cent higher at Y540bn.

Buoyant sales and profits at Suntory

BY OUR TOKYO CORRESPONDENT

SUNTORY, Japan's largest whisky distiller, with a market share exceeding 70 per cent, has reported buoyant earnings for the financial year ended March 31. Suntory, which also brews beer, is capitalised at Y2.20bn, began to publish financial reports in 1976 although it does not have a stock exchange quotation.

The company's sales rose 13 per cent to Y688.91bn ($3.1bn) on the year. Operating profits jumped up 40 per cent to Y46.22bn ($210m) with net profits up 30 per cent to Y16.39bn.

The earnings of Suntory were the highest among Japanese breweries and distillers. Operating profits of Kirin Brewery, the top beer brewery with a market share exceeding 60 per cent were, for instance, Y42.3bn.

The company pointed to brisk sales of beer as contributing to the improvement in sales and earnings.

The strength of beer sales is attributed to the marketing of draft beer contained in small aluminium barrels (2 or 3 litre). Beer sales gained in value by 4 per cent to reach Y96.36bn to account for 14 per cent of the total turnover. Meanwhile, whisky shipments went up by 7 per cent, higher than the industry's average increase of 4.34 per cent, which included imported scotch whiskies, in the past year. Whisky sales in value were Y564.61bn, up 16 per cent to account for 82 per cent of total turnover.

In the current fiscal year, ending March, Suntory forecasts that its sales will reach Y780bn.

American Express and AMP in leasing move

BY OUR SYDNEY CORRESPONDENT

THE AUSTRALIAN Mutual Provident Society and American Express have formed a joint venture to compete with major finance companies in equipment leasing.

The jointly owned company, AMP-Amex, will concentrate on transactions valued at between A$100,000 and A$2m (U.S.$2.3m) and is expected to be owed about A$50m by customers within the first three years of operation.

At the end of March outstanding equipment leasing commitments in Australia totalled A$8bn, with about half the amount relating to vehicle leasing, an area in which AMP-Amex will not compete.

American Express has extensive leasing interests in the UK, Europe and South America.

The new company extends AMP's range of operations, which include life assurance, fire and general insurance superannuation, resource and property development and pastoral interests.

Sanyo stake in Zimbabwe joint venture

By Our Salisbury Correspondent

TWO JAPANESE groups, Sanyo and Marubeni, will today sign a joint venture agreement in Bulawayo with the locally-based Zimbabwe Electronics Corporation (ZEC).

ZEC said that Sanyo, which has not operated within Zimbabwe previously, and Marubeni, the trading house, would each have 25 per cent of the equity with ZEC holding the balance.

ZEC said that by the end of this year Sanyo radios, tape recorders and other audio-electrical equipment would be on sale in the country and that Sanyo would use Zimbabwe as a base to export into neighbouring territories.

ZEC currently operates a factory in Bulawayo for local assembly and manufacture of electronic and related goods, employing more than 600.

Pegi seen as vehicle for buying into multinationals

BY WONG SULONG IN KUALA LUMPUR

PEGI, the Malaysian investment company which is the largest shareholder in Dunlop Holdings, is seen by its directors as one of the vehicles for greater Malaysian participation in multinational companies.

The Malaysian Government's New Economic Policy is aimed at 30 per cent Malay ownership of Malaysian-incorporated companies by 1990, and in this context, the directors say it is necessary for Malaysian business to become more involved in multinational companies.

This long-term plan for Pegi is contained in an explanatory letter to shareholders in compliance with a condition laid down by the Capital Issues Committee before Pegi shares could be relisted on th Kuala Lumpur Stock Exchange.

Trading of Pegi shares is set to resume on Monday after a three year suspension. However, Pegi has been continuously traded on the Singapore exchange, and shares are currently being traded at around S$13.80 (U.S.$6.50).

The CIC, in allowing the re-listing, has also approved several acquisitions proposed by Pegi. These include the purchase of the 21.19m shares in Dunlop Holdings held by Goodyield Plaza for 74m ringgit ($31.8m). The acquisition is to be satisfied by the issue of 24.7m Pegi shares of 1 ringgit par value, valued at 3 ringgit each.

Together with shares already owned, Pegi's stake in Dunlop will be raised to 17 per cent.

Japan corporate bond issues up

TOKYO — Japanese underwriters and issuers will float a total of Y193bn (equivalent to some $875m) of corporate bonds in June, the underwriters association said, making the second biggest monthly corporate bond issue, behind the record Y196.5bn issued in November 1978. The June total will be 21 per cent up on May. Reuter

JYSKE-FINANSBANKEN DEAL COMPLETED

Danes see bank merger trend

BY HILARY BARNES IN COPENHAGEN

DENMARK finds itself this month with a new nationwide bank now that the formalities for the takeover of Finansbanken by the Jutland regional bank, Jyske Bank, have been completed. The new bank has assets of about DKr 9bn ($1.2bn) and total capital and reserves of DKr 881m.

The bank will rank as number eight in Denmark's commercial and savings banks in assets, so it is still a long way behind the biggest banks, Copenhagen Handelsbank and Danske Bank, each with assets of around DKr 43bn. But both the banks incorporated into the new Jyske Bank have good earnings records and its management is convinced of the potential for growth.

Jyske Bank has emerged at a time of flux for Danish bankers. For more than a decade competition between the 80 Danish commercial banks and 160 savings banks has been severely hampered by credit policy regulations, especially the ceiling on bank advances. It was applied to each bank individually.

With the replacement of credit ceilings by a system of liquidity controls the way is open for banks to increase their lending. This has radically changed the competitive situation in Denmark and it is widely expected that the next few years will see a series of mergers and takeovers among the banks and savings banks.

It is not necessarily the big banks which will benefit from the new situation. Over the past few years the major banks have been hampered by low earnings and an inability to maintain from profits the legal minimum reserves ratio. At the same time, bank share prices have been relatively depressed so that banks, by and large, have not been in a position to raise new capital through rights issues.

Instead, they have contented themselves with subordinated loan capital raised on both domestic and foreign markets. But the banking industry is now approaching the point at which its maximum permitted level of subordinated loan capital to total capital — 40 per cent — is being reached.

Alterations to Denmark's system of controlling banks has created a more competitive environment which is likely to lead to more mergers among its 240 commercial and savings banks.

Smaller banks, partly because they do not have to sustain such large branch networks, have in many cases achieved earnings records better than their larger rivals. Jyske Bank's return on net capital in 1979 was 33.3 per cent and last year 22.7 per cent. They have also been better placed to raise new capital. A strong local following can ensure that new share issues among smaller banks are a success, even if as an investment they may not compare generously with high-yielding Government bonds.

Thus Jyske Bank, with a reserve ratio at the end of 1980 of 9.53 per cent — against a legal minimum of 8 per cent — feels that it is in a strong position to take up the competitive challenge presented by the new, freer trading environment.

The merger of Finansbanken and Jyske Bank brings together two very different banks. Jyske Bank is a typical regional bank with a broad spread of business, formed some years ago by acquisition of seven local banks. Its headquarters is, and will remain, in the mid-Jutland town of Silkeborg.

Finansbanken was founded in the 1950s by Mr Alex Brask Thomsen, a banking entrepreneur who increased the bank's assets to DKr 3.7bn before deciding to sell out to Jyske Bank.

Finansbanken specialised in two types of business. It invested heavily in private mortgage notes (widely used for topping up mortgages provided by the mortgage credit institutes), which is low risk, high-yielding paper. It also actively solicited deposits from customers abroad, who were attracted by the high level of Danish interest rates throughout the 1960s and 1970s and the absence of a coupon tax on interest payments.

Jyske Bank will continue to carry on these lines of business, "utilising Finansbanken's expertise," said Mr Poul Norup, the chief executive. The Finansbanken name will continue to be used for the foreign deposit business.

The main attraction of the acquisition for Jyske Bank, however, was the 46 Finansbanken branches spread throughout Denmark, only eight of them in towns in which Jyske Bank already had a branch. This will give Jyske Bank a fairly small, but strategically placed, national network of 114 branches, some 30 of them in the Copenhagen area.

Another factor which made the deal attractive for both parties was that Finansbanken's operations (not yet fully computerised) could be converted to Jyske Bank's on-line system without a substantial new investment in computer hardware.

Jyske Bank has a Cayman Islands branch and an arbitrage department. Its international business is expected to expand substantially through Finansbanken—both through foreign deposit business and through Finansbanken's Swiss subsidiary, Finanz-und Investment, the only wholly Danish-owned bank in Switzerland.

The enlarged Jyske Bank will be the only nationwide bank with headquarters outside Copenhagen. But in an era of electronic communications this is not seen as a disadvantage. However, the international division will be based in Copenhagen in order to facilitate contact with visitors, including Finansbanken's 10,000 foreign shareholders.

Oil search boom spotlights service groups

BY TERRY BYLAND

THE URGENCY of the search for new energy resources on the North American continent, which has brought boom conditions in the oil towns of Texas, Utah, Colorado and the other oil favoured states, has cast a spotlight on the oil and gas well servicing companies as well as on the producers.

The service companies, whose operations range from the maintenance of producer wells owned by the major companies to the wireline services which monitor the exploration wells, are finding a rapidly growing market for their expertise inside the U.S. The opportunities for oil service companies at home are only too apparent, and it is hardly surprising that corporate resources are being concentrated on the home front.

The profile of the oilfield services industry was outlined in London recently by the directors of Crutcher Resources.

Crutcher, based in Houston, Texas, has always had two legs to its earnings structure: an oil and gas well servicing division with customers operating in the U.S. oil drilling states, and a pipeline equipment section which is the world's leading supplier of its specialised products and is looking to Saudi Arabia, the UK, Australia and North Africa as significant business areas.

But the balance of earnings between the two divisions has changed significantly in the past few years, so that well servicing now provides by far the major share.

In fiscal 1980, well servicing brought in 78 per cent of the group's total earnings of $172.9m: two years ago, the contribution was slighly more than 60 per cent. Moreover, in the first quarter of this year, well servicing provided $7.7m out of total operating income of $8.1m.

The increased contribution from the essentially North American based well servicing operations is further emphasised by the somewhat lacklustre performance by the pipeline division. While servicing earnings have jumped from $73.8m to $127.9m between 1978 and 1980, pipeline earnings dropped from $45m in 1978 to $31.5m in 1979, and then rallied to $43.5m in 1980.

The board's view is that this swing towards increased earnings from the servicing division is unlikely to be reversed. In its latest 10 K report, the company said that its expansion strategy was directed towards concentrating future growth on the well servicing operations and merely "maintaining its position" as a leading supplier of pipeline equipment.

Nor is this policy by U.S. energy services companies likely to change in the near future. The current falls in oil prices are regarded as a purely temporary phenomena.

CURRENCIES, MONEY and GOLD

Dollar strong

Dollar continued to react to interest rate movements, although trading was again restricted by the closure of Frankfurt for a public holiday. Eurodollar rates rose sharply, while in New York the Feedral funds overnight rate was above 20 per cent once again. Chemical Bank, which recently became the only major U.S. bank to lower its prime lending rate to 19 per cent, increased its broker loan rate to 20 per cent from 19 per cent yesterday.

Sterling was weaker against the dollar and other major currencies. The rise in the monthly money supply was in line with preliminary figures, but there may have been some disappointment at the lack of change in Minimum Lending Rate.

European currencies declined against the dollar, and the French weakened within the European Monetary System.

DOLLAR — trade weighted index (Bank of England) rose to 108.1 per cent from 107.2 per cent. The U.S. currency touched a high point of DM 2.3730, against the D-mark before closing at DM 2.3720, compared with DM 2.3450 on Wednesday. It improved sharply to FFr 5.6575 from FFr 5.5790 in terms of the French franc, and rose to SwFr 2.0730 from SwFr 2.0460 against the Swiss franc, and to Y222.30 from Y220.75 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to 95.2 from 95.6, after opening at 95.5 and falling to 95.4 at noon. The pound opened at the day's high of $1.9865-1.9875, and fell to a low of $1.9690-1.9700 in the afternoon, before closing at $1.9760-1.9770, a fall of 2.10 cents on the day.

ITALIAN LIRE — One of the stronger members of the European Monetary System at present after the 6 per cent devaluation earlier this year. It has fallen to a record low against the dollar however, reflecting the rise in U.S. interest rates—The lira showed a firmer trend against its EMS partners, but resumed its downward movement against the dollar. The D-mark eased to L498.69 from L498.75, and the French franc to L209.40 from L210.04. Earlier this week it was announced that Italy's May balance of payments deficit rose to a record L1.66 trillion, making a total shortfall of L5.04 trillion for the first five months of 1981, compared with L3.3 trillion for the similar period of last year. This will continue to be aggravated by the strength of the dollar, which boosted by higher U.S. interest rates rose to L1,178.05 from L1,167.80 at the Milan fixing.

FRENCH FRANC — Steadier within the EMS having been very weak after the Socialist victory in the Presidential election. It is supported by very high interest rates, but continues to trade close to a 21year low against the dollar—The franc lost ground to all major currencies at the Paris fixing. The firmer trend in Euro-dollar interest rates pushed the dollar to FFr 5.6325 from FFr 5.5620, and in the late afternoon the U.S. currency advanced to FFr 5.6570. Sterling rose to Fr 11.1280 from FFr 11.1260, and improved sharply in late trading to around FFr 11.20.

BELGIAN FRANC — Remaining at or near the bottom of the EMS, but no longer under any heavy pressure despite continued economic problems and a large payments deficit. The currency has been within its divergence limit against the ECU, allowing a steady reduction of interest rates recently — The Belgian franc was again the weakest member of the EMS.

THE POUND SPOT AND FORWARD

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	1.9690-1.9875	1.9760-1.9770	1.03-1.13c dis	−6.56	2.64-2.74dis	−5.44
Canada	2.3780-2.3975	2.3840-2.3850	1.35-1.45c dis	−7.04	3.80-3.95dis	−6.50
Nethlnd.	5.18-5.22	5.20½-5.21½	½c pm-½ dis	—	1¼-¼ pm	0.57
Belgium	76.20-76.70	76.55-76.65	12-22c dis	−2.66	35-45 dis	−2.09
Denmark	14.65-14.75	14.73-14.74	6¼-7¾ore dis	−5.56	15-16½ dis	−4.29
Ireland	1.2785-1.2860	1.2820-1.2835	0.28-0.41p dis	−3.23	1.00-1.19dis	−3.41
W. Ger.	4.66-4.70	4.68½-4.69½	¼pf pm-¼ dis	−0.32	¾ pm-¼ dis	0.11
Portugal	123.10-124.10	123.60-123.70	60-130c dis	−9.22	195-370 dis	−8.49
Spain	185.50-187.10	186.40-186.60	105-135c dis	−7.72	295-345 dis	−6.86
Italy	2,324-2,339	2,325¼-2,326¼	24-26 lire dis	−12.90	66-69 dis	−11.61
Norway	11.63-11.75	11.65-11.66	½ore pm-1¼ dis	−0.51	¾-2¾ dis	−0.64
France	11.11-11.19	11.17¾-11.18¾	6¼-7¼c dis	−7.24	18-19½ dis	−6.71
Sweden	9.92-10.02	9.94-9.96	2-3ore dis	−3.01	6-7 dis	−2.61
Japan	437-443	439-440	1.90-1.60y pm	4.78	5.25-4.85 pm	4.60
Austria	32.90-33.20	33.03-33.08	5gro pm-par	0.91	9 pm-1 dis	0.48
Switz	4.07-4.11	4.09½-4.10½	1½-½c pm	3.28	3-2 pm	2.44

Belgian rate is for convertible francs. Financial franc 77.45-77.55. Six-month forward dollar 4.15-4.25c dis, 12-month 5.55-5.75c dis.

THE DOLLAR SPOT AND FORWARD

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9690-1.9875	1.9760-1.9770	1.03-1.13c dis	−6.56	2.64-2.74dis	−5.44
Ireland†	1.5430-1.5480	1.5430-1.5450	0.40-0.50c dis	−3.50	0.75-0.90dis	−2.14
Canada	1.2050-1.2070	1.2057-1.2060	0.17-0.20c dis	−1.84	0.43-0.48dis	−1.51
Nethlnd	2.6220-2.6395	2.6385-2.6395	1.48-1.38c pm	6.51	3.75-3.65 pm	5.61
Belgium	38.50-38.76	38.74-38.76	13½-11c pm	3.79	28-24 pm	2.68
Denmark	7.4190-7.4600	7.4190-7.4216	½-¼ore pm	0.61	1½-1 pm	0.67
W. Ger	2.3600-2.3730	2.3715-2.3725	1.24-1.19pf pm	6.16	3.22-3.14 pm	5.36
Portugal	62.40-62.80	62.60-62.80	par-30c dis	−2.87	par-80 dis	−2.55
Spain	93.95-94.42	94.32-94.42	10-20c dis	−1.91	50-70 dis	−2.54
Italy	1,177-1,179	1,178-1,179	6-8 lire dis	−7.13	20-23 dis	−7.30
Norway	5.8915-5.9170	5.8960-5.8980	3.20-2.70ore pm	6.00	7.10-6.60 pm	4.65
France	5.6130-5.6600	5.6550-5.6600	¼-1¼c dis	−1.58	2¼-3¼ dis	−1.94
Sweden	5.0225-5.0380	5.0345-5.0365	1.50-1.30ore pm	3.34	3.25-3.05 pm	2.50
Japan	16.62-16.76	16.72-16.74	2.17-2.07y pm	11.44	5.60-5.50 pm	9.93
Austria	16.62-16.76	16.72-16.74	8.90-7.40gro pm	5.84	22½-18½ pm	4.90
Switz	2.0580-2.0740	2.0725-2.0735	1.60-1.50c pm	8.97	3.90-3.80 pm	7.43

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	95.2	−29.3
U.S. dollar	108.1	+1.9
Canadian dollar	87.3	−17.7
Austrian schilling	111.9	+21.9
Belgian franc	105.5	+9.1
Danish kroner	85.9	−11.5
Deutsche mark	116.8	+38.1
Swiss franc	138.0	+80.4
Guilder	108.5	+14.3
French frank	82.5	−11.9
Lira	57.6	−55.7
Yen	144.1	+38.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.582699	0.540450
U.S. $	14	1.16569	1.08171
Canadian $	19.07	1.40477	1.30238
Austria Sch.	6¾	19.2957	17.8969
Belgian F.	13	44.5527	41.3376
Danish K.	11	8.57365	7.95328
D mark	7½	—	2.53283
Guilder	9	3.05079	2.81288
French Fr.	9½	6.48357	6.01431
Lira	19	1361.23	1263.17
Yen	6¼	257.326	238.671
Norwgn. Kr.	9	6.82395	6.33342
Spanish Pts.	8	109.003	101.194
Swedish Kr.	12	5.82962	5.41148
Swiss Fr.	5	2.37975	2.20799
Greek Dr'ch.	20½	—	61.8576

OTHER CURRENCIES

June 18	£	$		£ Note Rates
Argentina Peso	8701-8721	4399-4409	Austria	32.90-33.25
Australia Dollar	1.7210-1.7250	0.8710-0.8715	Belgium	76.95-77.70
Brazil Cruzeiro	176.43-177.43	89.23-89.66	Denmark	14.65-14.80
Finland Markka	8.75-8.77	4.4330-4.4370	France	11.08-11.18
Greek Drachma	115.081-115.861	57.50-57.70	Germany	4.65-4.69
Hong Kong Dollar	10.91½-10.93½	5.5250-5.5300	Italy	2290-2345
Iran Rial	156.60*	79.00*	Japan	439-444
Kuwait Dinar (KD)	0.553-0.559	0.2799-0.2802	Netherlands	5.18½-5.21½
Luxembourg Frc.	76.55-76.65	38.74-38.76	Norway	11.60-11.72
Malaysia Dollar	4.6050-4.6150	2.3305-2.3325	Portugal	120-125
New Zealand Dlr	2.2960-2.3010	1.1615-1.1625	Spain	179½-190
Saudi Arab. Riyal	6.72-6.78	3.3980-3.4010	Sweden	9.88-9.98
Singapore Dollar	4.2050-4.2150	2.1295-2.1315	Switzerland	4.07-4.11
Sth African Rand	1.7115-1.7135	0.8660-0.8670	United States	1.97-1.98½
U.A.E. Dirham	7.26-7.32	3.6720-3.6740	Yugoslavia	73-88

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3327	+1.31	+1.31	±1.5361
Danish Krone	7.91917	7.94654	+0.35	+0.35	±1.6413
German D-Mark	2.54502	2.52952	−0.61	−0.61	±1.1386
French Franc	5.99526	6.02814	+0.55	+0.55	±1.3638
Dutch Guilder	2.81318	2.81206	−0.04	−0.04	±1.5159
Irish Punt	0.685145	0.692265	+1.04	+1.04	±1.6668
Italian Lira	1262.92	1260.74	−0.17	−0.17	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.977	4.690	439.5	11.18	4.100	5.210	2336.	2.385	76.60
U.S. Dollar	0.506	1.	2.373	222.4	5.655	2.074	2.636	1177.	1.206	38.76
Deutschemark	0.213	0.421	1.	93.71	2.384	0.874	1.111	496.0	0.508	16.33
Japanese Yen 1,000	2.276	4.497	10.67	1000.	25.44	9.329	11.85	5293.	5.425	174.3
French Franc 10	0.894	1.768	4.195	393.1	10.	3.667	4.660	2081.	2.133	68.52
Swiss Franc	0.245	0.482	1.144	107.2	2.727	1.	1.271	567.4	0.582	18.68
Dutch Guilder	0.192	0.379	0.900	84.36	2.146	0.787	1.	446.5	0.458	14.70
Italian Lira 1,000	0.430	0.850	2.016	188.9	4.806	1.762	2.240	1000.	1.025	32.93
Canadian Dollar	0.419	0.829	1.967	184.3	4.689	1.719	2.185	975.6	1.	31.12
Belgian Franc 100	1.306	2.580	6.123	573.7	14.60	5.352	6.802	3037.	3.113	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 11/16	offer 17 13/16	bid 17 1/16	offer 17 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11½-11⅝	18⅞-19⅛	18-19	11½-11¾	3-3½	11⅜-11½	19½-20½	25-32	11-13	6¼-6¾
7 days' notice	11⅜-11⅝	18⅞-19⅛	18-19	11½-11¾	3½-4	11½-11¾	19½-20½	27-32	11-13	6⅝-6⅞
Month	11 15/16-12 1/16	18¾-19	18¾-19¼	11 15/16-12 1/16	9¼-9⅜	12⅜-12½	19-20	25-26½	14½-14¾	6⅞-7⅛
Three months	12⅝-12¾	17 13/16-18 1/16	18⅝-19	11 15/16-12 1/16	10-10⅛	12⅜-12½	19-20	24¼-25¼	14¾-15	7⅜-7⅝
Six months	12 13/16-13 1/16	17 7/16-17 11/16	17¾-18⅛	11 15/16-12 1/16	10-10⅛	12 13/16-13 1/16	18¼-19¼	24-25	15-15½	7 7/16-7 11/16
One Year	13¼-13⅜	16⅜-16⅝	16¾-17⅛	11 13/16-12 1/16	8 13/16-9 1/16	12¼-12½	18-19	23½-24½	14¾-15¼	7 13/16-8 1/16

SDR linked deposits: one-month 15 3/16-15 7/16 per cent; three-months 14⅞-15⅛ per cent; six-months 14⅜-14⅝ per cent; one-year 14¼-14½ per cent.

ECU linked deposits: one-month 14 9/16-14 13/16 per cent; three-months 14¾-15 per cent; six-months 14½-14⅞ per cent, one-year 14½-14¾ per cent.

Asian $ (closing rates in Singapore): one-month 18⅜-18½ per cent; three-months 17 9/16-17 11/16 per cent; six-months 16 15/16-17 1/16 per cent; one-year 15 5/16-15 7/16 per cent. Long-term Eurodollar two years 15⅜-15⅝ per cent; three-years 15-15¼ per cent; four-years 14⅞-15⅛ per cent; five-years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dolars, Canadian dollars and Japanese yen, others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.60-18.70 per cent; three-months 17.65-17.75 per cent; six-months 16.70-16.80 per cent; one-year 16.20-16.30 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

The Belgian National Bank yesterday announced the fourth roud of cuts in short term Treasury bill rates within a week. One-month notes fell to 14.5 per cent from 15.25 per cent and two- and three-month rates were cut to 14.75 per cent from 15.5 per cent. The recent decline is an attempt to keep rates in line with interbank money which has been falling steadily. Short term liquidity has been boosted by a downturn in private sector demand.

The authorities have also been encouraged to reduce interest rates by the Belgian franc's steadier performance against its EMS partners. Recent weakness of the French franc and the dollar's strong performance against the D-mark have combined to leave the Belgian unit under little pressure.

In Rome the Treasury announced its intention to auction L12.5 trillion (million million) of Treasury bills at the June auction, replacing maturities of L11.75 trillion. The latest batch is divided into three, six and 12-month bills.

In Paris call money remained at 20 per cent while longer term rates continued to decline. One-month money fell to 18¾-19 per cent from 19½-19¾ per cent and three-month to 18-18½ per cent compared with 18¾-18¾ per cent. One-year money was quoted at 17-17¼ per cent down from 17½-17¾ per cent.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Day to day credit was in adequate supply in the London money market yesterday and the authorities did not intervene. Houses were bidding up to 11½ per cent for secured call loans however but later in the day small balances were taken down to 9¾ per cent. The market was faced with bank balances brought forward a small way below target but this was offset by a moderate excess of government disbursements over revenue transfers to the Exchequer. In the interbank market overnight money opened at 11½-11¾ per cent and touched 11½-11¾ per cent before finishing at 10-10½ per cent.

GOLD

Slight fall

Gold fell $2 to close at $458-$461 in the London bullion market yesterday. Trading was quiet, with no new factors influencing the market. The metal opened at $458-461, and was fixed at $460.25 in the morning and $459.00 in the afternoon. It touched a peak of $459-462, and a low point of $457-460 on the firmer trend in U.S. interest rates.

In Paris the 12½ kilo gold bar was fixed at FFr 90.400 per kilo ($499.20 per ounce) in the afternoon, compared with FFr 90.400 ($499.64) in the morning, and FFr 91.700 ($512.79) Wednesday afternoon.

In Luxembourg the 12½ kilo bar was fixed at LFr 577,570 per kilo ($460 per ounce), against LFr 579,700 ($464.50) previously.

	June 18		June 17	
Gold Bullion (fine ounce)				
Close	$458-461	(£231½-233)	$460-463	(£230½-232)
Opening	$458-461	(£230½-232)	$462-465	(£230½-232)
Morning fixing	$460.25	(£231.699)	$463.25	(£231.301)
Afternoon fixing	$459	(£232.405)	$461.75	(£230.875)
Gold Coins				
Krugerrand	$473-474	(£239-239½)	$475-476	(£238-238½)
1/2 Krugerrand	$244-245	(£123¼-123¾)	$245-246	(£122¾-123¼)
1/4 Krugerrand	$124¼-125¼	(£62¾-63¼)	$125-126	(£62½-63)
1/10 Krugerrand	$50¾-51¾	(£25½-26)	$51-52	(£25½-26)
Mapleleaf	$464-467	(£234½-236)	$465-468	(£233-234½)
New Sovereigns	$115-115¾	(£58-58½)	$115½-116¼	(£57¾-58¼)
King Sovereigns	$127-129	(£64¼-65¼)	$128-130	(£64-65)
Victoria Sovs.	$127-129	(£64¼-65¼)	$128-130	(£64-65)
French 20s	$121-126	(£61-63½)	$121-127	(£60½-63½)
50 pesos Mexico	$572-576	(£289-291)	$575-579	(£288-290)
100 Cor. Austria	$447-450	(£225¾-227¼)	$449-452	(£225-226½)
$20 Eagles	$580-585	(£293-295½)	$583-588	(£292-294½)

MONEY RATES

NEW YORK

Prime Rate	19-20
Fed Fund	20⅛-20¾
Treasury Bills (13-week)	14.63
Treasury Bills (26-week)	14.09

GERMANY

Special Lombard	12.00
Overnight Rate	11.75
One month	12.60
Three months	12.925
Six months	12.80

FRANCE

Intervention Rate	22
Overnight Rate	20
One month	18.875
Three months	18.125
Six months	17.125

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.1875
Bill Discount (three-month)	7.53125

LONDON MONEY RATES

June 18 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-11¾	11½-11¾	—	—	11⅝-11⅞	9¾-11½	—	—	—
2 days notice	—	—	11⅞-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11¾	11⅝-11⅞	—	11⅞	11¾-11¾	11-11⅛	—	—	—
One month	12-11⅞	11⅞-12 1/16	11⅞-12	13-12⅝	12¼	12¼-12⅜	11-11½	11⅞	11¾	12⅜
Two months	12¼-12⅛	12¼-12⅜	—	13½-12¾	12 5/16	12¾	11¾-12	12⅛	12 1/32-12 1/16	12⅜
Three months	12 1/16-12⅛	12⅜-12¾	12⅝	13⅛-12¾	12⅜	12¾-12⅞	12	12	12⅛-12 1/16	12⅝
Six months	12⅝-12¾	12⅞-13	12¾-12⅞	13⅛-12¾	13¼	13⅝	—	—	12 1/32-12⅛	12 1/16
Nine months	13⅛-12⅞	13-13¼	—	13⅛-13⅛	13½	13⅛	—	—	—	—
One year	13⅛-13 1/16	13 1/16-13⅛	13⅝	13⅛-13⅛	13⅝	13⅞	—	—	—	—
Two years	—	—	13⅝-13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four-years 14-14¼ per cent; five years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12 3/16 per cent; four-months trade bills 12¾ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-months 11⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bills 11¾-11 25/32 per cent; two-months 11 15/16 per cent; three-months 12 1/32-12 1/16 per cent; one-month trade bills 12¾ per cent; two-months 12⅞ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.0732 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 17, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	5.0206
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.5635
	Sp. Peseta	93.60
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso	4379.00
Australia	Dollar	0.8692
Austria	Schilling	16.545
Azores	Port. Escudo	60.20
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	93.60
Bangladesh	Taka	14.7876
Barbados	Dollar	2.01
Belgium	Franc (C)	38.215
	Franc (F)	38.72
Belize	Dollar	2.00
Benin	C.F.A. Franc	278.175
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.47
Bolivia	Peso	24.75
Botswana	Pula	0.8272
Brazil	Cruzeiro	87.92
Brunei	Dollar	2.127
Bulgaria	Lev	0.933
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	278.175
Canada	Dollar	1.2059
Canary Is.	Sp. Peseta	93.60
Cape Verde	Escudo	56.51
Cayman Is	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	278.175
Chad	C.F.A. Franc	278.175
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7698
Colombia	Peso (O)	53.97
Comoros	C.F.A. Franc	278.175
Congo P'ple.Rep.of	C.F.A. Franc	278.175
Costa Rica	Colon (O)	8.60
Costa Rica	Colon	17.03
Cuba	Peso	0.7313
Cyprus	Pound*	2.2553
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.341
Djibouti Rp. of	Franc	178.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.35
Egypt	Pound*	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	187.20
Ethiopia	Birr (O)	2.0356
Faeroe Is.	Dan. Krone	7.341
Falkland Is	Pound*	2.0117
Fiji	Dollar	0.8584
Finland	Markka	4.447
France	Franc	5.5635
Fr. C'ty in Af.	C.F.A. Franc	278.175
Fr. Guiana	Franc	5.5635
Fr. Pac. Is.	C.F.P. Franc	94.4475
Gabon	C.F.A. Franc	278.175
Gambia	Dalasi	1.9884
Germany (E)	Ostmark (O)	2.3412
Germany (W)	Mark	2.3412
Ghana	Cedi	2.75
Gibraltar	Pound*	2.0117
Greece	Drachma	57.10
Greenland	Dan. Krone	7.341
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.5635
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.7192
Guinea Rep.	Syli	21.1516
Guyana	Dollar	2.9483
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.487
Hungary	Forint	34.05
Iceland	Krona	6.527
India	Rupee	8.47
Indonesia	Rupiah	629.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.5607
Israel	Shekel	11.29
Italy	Lira	1167.50
Ivory Coast	C.F.A. Franc	278.175
Jamaica	Dollar	1.7834
Japan	Yen	220.50
Jordan	Dinar	0.3769
Kampuchea	Riel	n.a.
Kenya	Shilling	8.7011
Kiribati	Aust. Dollar	0.8692
Korea (Nth)	Won	0.94
Korea (Sth)	Won	683.10
Kuwait	Dinar	0.2796
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.2635
Lesotho	Loti	0.8624
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n.	Sw. Franc	2.0415
Luxembourg	Lux Franc	38.215
Macao	Pataca	5.7016
Madagascar D. R.	Franc	278.175
Madeira	Port. Escudo	60.20
Malawi	Kwacha	0.905
Malaysia	Ringgit	2.327
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	556.35
Malta	Pound*	2.516
Martinique	Franc	5.5635
Mauritania	Ouguiya	55.535
Mauritius	Rupee	8.5725
Mexico	Peso	24.33
Miquelon	Fr. Franc	5.5635
Monaco	Fr. Franc	5.5635
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.4735
Mozambique	Metica	28.4585
Namibia	S.A. Rand	0.8624
Nauru Is.	Aust. Dollar	0.8692
Nepal	Rupee	12.00
Netherlands	Guilder	2.5996
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1561
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	278.175
Nigeria	Naira (O)	0.6301
Norway	Krone	5.851
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.75
Panama	Balboa	1.00
Papua N.G.	Kina	0.6741
Paraguay	Guarani	126.00
Peru	Sol	415.96
Philippines	Peso	7.795

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.1561
Poland	Zloty (O)	31.00
Portugal	Escudo	60.20
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6597
Reunion Ile de la	Fr. Franc	5.5635
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.0117
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.5635
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.013
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1167.50
Sao Tome & Principe DR	Dobra	38.7907
Saudi Arabia	Riyal	3.339
Senegal	C.F.A. Franc	278.175
Seychelles	Rupee	7.1321
Sierra Leone	Leone	1.1718
Singapore	Dollar	2.127
Solomon Is.	Dollar	0.8783
Somali Rep.	Shilling	6.295
South Africa	Rand	0.8624
Spain	Peseta	93.60
Span. Ports in N. Africa	Sp. Peseta	93.60
Sri Lanka	Rupee	18.5564
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8624
Sweden	Krone	5.002
Switzerland	Franc	2.0415
Syria	Pound	3.9252
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.0529
Thailand	Baht	20.78
Togo Rep.	C.F.A. Franc	278.175
Tonga Is.	Pa'anga	0.8692
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5147
Turkey	Lira	104.58
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8692
Uganda	Shilling (2)	78.00
Utd. A'b. Emir.	Dirham	3.6798
Utd. Kingdom	Pound Sterling*	2.0117
Upper Volta	C.F.A. Franc	278.175
Uruguay	Peso	10.73
U.S.S.R.	Rouble	0.7644
Vanuatu	Vatu (5)	89.9181
Vanuatu	Aust. Dollar	0.8692
Vatican	It. Lira	1167.50
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	33.3518
Zaire Rp.	Zaire	3.82
Zambia	Kwacha	0.8781
Zimbabwe	Dollar	0.6897

n.a Not available * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2)—Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanuatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.
(6) Argentina: June 2—Peso devalued by 30 per cent with a further devaluation during June.

Early Wall St. setback of 5.4

WITH THE market exhibiting nervousness over interest rates, Wall Street stocks mainly declined yesterday morning in fairly heavy trading.

The Dow Jones Industrial Average receded 5.42 to 1,001.14 at 1 pm, while the NYSE All Common Index weakened 51 cents to $76.83 and declines outpaced gains by a two-to-one ratio. Turnover decreased to 35.08m shares from Wednesday's 1 pm figure of 39.55m.

Chemical Bank raised its broker loan rate to 20 per cent from 19. Broker loan rate changes often precede Prime Rate movements, but Chemical was the only major bank to lower its Prime to 19 per cent last week.

Analysts added that economic indicators, announced yesterday, show that the economy is not slowing down as fast as investors had hoped and interest rates may remain high as a result.

The Federal Funds Rate has also remained high, indicating that the Federal Reserve does not plan to loosen its monetary policies. Fed Funds, which are the loans that banks make to each other, traded as high as 22 per cent yesterday.

Oil stocks, which led a late afternoon rally on Wednesday, were broadly lower at mid-session yesterday. Monte Gordon, of Dreyfus Corporation, said the temporary increase was primarily due to bargain hunting, but concern over an Opec advisers' meeting in Geneva brought the group down again.

Superior Oil shed 1⅞ to $181¼. Exxon ⅜ to $34¼. Phillips ½ to $36 and Atlantic Richfield ⅜ to $46.

Technology stocks weakened following a bearish Press report and "sell" recommendations by several brokerage houses. Datapoint fell $3 to $55¼. Texas Instruments 1¼ to $99⅞. Tandy 1⅛ to $33⅜ and Data General 2⅛ to $51⅛.

THE AMERICAN SE Market Value Index, in contrast, improved 1.94 to 369.36 at 1 pm. Volume 4.23m shares (4.01m).

Canada

The Oil and Gas sector was in firm fettle, rising 88.3 to 4,914.2 on index at noon, but the rest of the market was mixed in fairly active early dealings. The Toronto Composite Index, bolstered by the Oils, put on 12.2 to 2,351.9, but Golds declined 17.0 to 3,910.1.

Tokyo

Share prices closed mixed with a firmer bias after active but nervous trading, with investors becoming worried about high prices and possible trading curbs in margin transactions.

The Nikkei-Dow Jones Average edged up 6.71 to 7,712.01, not far short of the record 7,729.63 reached at the end of the morning session on Tuesday. Advances exceeded declines on the First Market section by 333 to 280 after volume of 600m shares (750m), but the Tokyo SE index receded 1.07 to 577.44.

A decline in recently strong Motor issues was attributed to concern over an increase in credit trading. Some other popular issues, including Heavy Electric Machines and Shipbuildings lost ground, while Optical Fibre, Industrial Robot and Machine Tool Makers, which have been buoyant of late, also turned easier.

Hitachi lost Y15 to Y705, Toshiba Y4 to Y423, Mitsui Shipbuilding Y8 to Y211, Mitsubishi Heavy Y6 to Y316 and Kawasaki Heavy Y7 to Y229.

Buying attention switched to Trading Houses, where Mitsubishi climbed Y17 to Y657, Sumitomo Y33 to Y500 and Mitsui Y10 to Y308, while Constructions, Foods, Oils, Synthetic Fibres and Electric Powers also firmed. Hasegawa Komuten moved ahead Y21 to Y574, Ajinomoto Y35 to Y915, Mitsubishi Oil Y7 to Y275, Toho Rayon Y5 to Y260 and Tokyo Electric Power Y8 to Y968.

Light Electricals and Precision Instruments were mixed. Sony dipped Y100 more to Y5,100, but TDK Electronic gained Y110 to Y5,400 and Canon Y30 to Y1,560.

Hong Kong

After a firmer start, fresh profit-taking sent the market into another retreat, but shares later rebounded to finish higher for choice on the day. The Hang Seng index, which relinquished 32.58 on Wednesday, was 17.99 lower at one stage yesterday before rallying to show a day's gain of 14.54 at 1,743.11. Trading remained active, with total turnover on the four exchanges amounting to HK$707.43m, against HK$517.53m registered in the short Wednesday session.

The market indicator has reversed direction each day this week, a sure sign, according to brokers, that it has hit a temporary trading range. The market has run out of upward momentum now, they say, after setting an all-time index high of 1,780.55 last Friday. The brokers added that they expect the consolidation to continue until more good news arrives on the interest rates front.

Properties were better, with Cheung Kong leading the way up by closing at HK$32.50 for a HK$1 gain. Carrian put on 10 cents to HK$11.60 and Swire Properties 30 cents to HK$15.00.

Tai Cheung improved 20 cents to HK$6.95, but disappointing earnings reported after the close was expected to push the price down today. International City Holdings added 3 cents at HK$1.88.

Paris

Bourse prices were mixed with a slight predominance of gains at the end of a calm session.

Traders said some operators were taking positions ahead of the second and decisive round of the legislative elections next Sunday, but said the consensus on the Exchange floor is that no major surprises are expected and that, as witnessed last Sunday, the Socialist Party would win a very comfortable if not an outright Parliamentary majority.

The measures announced on Wednesday aimed at stimulating corporate investment in France did not have much impact on yesterday's trading, they added. It was generally felt that small and medium-sized companies will be the main beneficiaries of the new package of low-interest credits.

Germany

Most markets in West Germany, together with those in Austria, Spain and Portugal, were closed yesterday for the Corpus Christi holiday.

Australia

A few Industrials provided the only spark to trading as the rest of the market continued to drift aimlessly.

Take-over hopes pushed H. C. Sleigh sharply ahead to A$1.75, but the shares later came back to A$1.50 to leave a net gain of 10 cents. Sparking off the speculation were rumours, later denied, that Caltex had sold its holding in Sleigh.

Milan

The market closed mixed in thin and confused trading, still influenced mainly by the National Bourse Commission's suspension of forward settlement trading, announced on Wednesday.

A squeeze on short positions resulting from the measure continued to push up some issues, following the market's severe and widespread setback on Tuesday, but moving lower were such issues as Fiat, down L51 at L2,149, and Invest, off L90 at L5,110.

Johannesburg

Gold shares continued to drift lower in a moderate business, with Heavyweight Western Holdings notable for a decline of R3 to R68.

Closing prices for North America were not available for this edition.

CANADA

Stock	June 17	June 16
AMCA Intl	25	34¾
Abitibi	26	26⅜
Agnico Eagle	11¼	11⅜
Alcan Alumin	38⅛	38½
Algoma Steel	47¼	47
Asbestos	37	37⅛

BELGIUM (continued)

June 18	Price Frs.	+ or −
Petrofina	5,710	+50
Royale Belge	5,600	
Soc Gen Banq	1,615	+60
Soc Gen Belge	902	−8
Sofina	2,300	−100
Solvay	2,150	+50

HOLLAND

June 18	Price Fls.	+ or −
ACF Holding	84.5	+0.8
Ahold	73.5	+1.3
AKZO	27	+0.2
ABN	302	+4
AMEV	91	+0.7
AMRO	55.8	+0.8

AUSTRALIA

June 18	Price Aust. $	+ or −
ANZ Group	5.24	−0.08
Aerow Aust	1.35	
Allstate Expl	0.8	
Ampol Pet	1.75	
Assoc. Pulp Pap.	2.32	+0.02
Aud'meo	0.8	
Aust. Cons. Ind.	1.99	

JAPAN (continued)

June 18	Price Yen	+ or −
Kubota	344	−1
Kumgazi	344	+16
Kyoto Ceramic	4,170	−80
Lion	390	
Maeda Cons.	538	+13
Makita	940	+16
Marubeni	357	+10

Indices

NEW YORK —DOW JONES

	June 17	June 16	June 15	June 12	June 11	June 10	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
◆Industr'ls	1008.56	1003.35	1011.99	1005.28	1007.4	993.88	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	62.22	61.98	61.40	60.79	60.56	60.75	65.78 (15/1)	58.57 (7/5)	—	—
Transport	419.64	418.11	422.66	425.54	427.60	425.41	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	111.68	111.87	112.65	110.08	110.12	107.86	117.81 (5/1)	103.99 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	55,470	57,780	63,360	60,790	59,000	55,200	—	—	—	—

◆Day's high 1010.84 low 992.01

Ind. div. yield %	June 12	June 5	May 29	Year ago (approx)
	5.48	5.62	5.61	6.02

STANDARD AND POORS

	June 17	June 16	June 15	June 12	June 11	June 10	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	149.47	147.90	149.60	149.88	150.87	148.77	157.82 (6/1)	145.76 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	133.32	132.15	133.61	133.49	134.31	132.22	138.12 (6/1)	128.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	June 10	June 3	May 27	Year ago (approx.)
Ind. div. yield %	4.76	4.79	4.62	6.12
Ind. P/E Ratio	9.46	9.14	9.37	7.75
Long Gov. Bond yield	12.56	12.86	13.01	9.75

N.Y.S.E. ALL COMMON

June 17	June 16	June 15	June 12	1981 High	1981 Low
77.34	76.80	77.65	77.60	79.14 (6/1)	72.45 (29/2)

Rises and Falls	June 17	June 16	June 15
Issues Traded	1,905	1,948	1,965
Rises	782	575	1,030
Falls	754	1,028	631
Unchanged	369	345	304
New Highs	62	84	191
New Lows	26	38	24

MONTREAL	June 17	June 16	June 15	June 12	1981 High	1981 Low
Industrials	402.65	398.74	401.74	401.79	409.58 (27/5)	358.26 (20/2)
Combined	371.44	369.55	371.93	372.82	375.16 (27/5)	339.34 (26/2)
TORONTO Composite	2359.7	2341.6	2360.9	2364.0	2378.8 (16/4)	2161.4 (28/2)

	June 18	June 17	June 16	June 15	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	709.7	712.1	712.9	710.6	757.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	615.1	617.9	618.5	616.5	755.2 (7/1)	564.9 (3/5)
AUSTRIA Credit Aktien (2/1/62)	(c)	60.65	60.15	60.45	66.43 (5/1)	55.69 (19/5)
BELGIUM Belgian SE (31/12/63)	71.28	70.85	69.55	69.58	86.15 (17/2)	69.55 (16/6)
DENMARK Copenhagen SE (1/1/73)	109.75	109.26	108.25	109.02	112.5 (26/5)	95.88 (2/1)
FRANCE CAC General (29/12/61)	81.80	81.5	80.9	77.3	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	83.20	85.1	83.2	(u)	106.8 (13/3)	78.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	(c)	(c)	238.15	238.81	258.87 (15/6)	215.88 (9/2)
Commerzbank (Dec. 1953)	(c)	(c)	762.1	756.8	765.8 (15/6)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	95.4	94.1	95.6	95.0	96.6 (16/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	76.0	75.4	76.2	75.5	76.2 (16/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1743.11	1728.57	1761.15	1782.35	1780.55 (12/6)	1295.44 (11/3)
ITALY Banca Comm Ital (1972)	245.05	242.82	228.00	268.20	292.98 (5/6)	175.38 (6/1)
JAPAN Dow Average (16/5/49)	7712.01	7705.30	7696.52	7711.73	7712.01 (18/6)	6956.52 (13/3)
Tokyo New SE (4/1/68)	577.44	578.51	577.29	577.79	578.51 (17/6)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	115.41	115.82	115.73	116.84	127.37 (4/5)	110.54 (5/6)
SINGAPORE Straits Times (1966)	949.06	946.61	934.69	929.21	949.06 (18/6)	859.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	578.2	585.5	608.8	797.6 (7/1)	561.5 (3/6)
Industrial (1958)	(u)	626.0	624.5	624.6	658.5 (1/5)	537.2 (3/2)
SPAIN Madrid SE (30/12/80)	(c)	141.40	141.58	(c)	141.40 (17/6)	100.48 (2/1)
SWEDEN Jacobson & P. (1/1/58)	559.23	552.45	558.29	554.38	556.42 (5/6)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	288.8	290.4	291.5	291.9	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	157.6	156.9	157.1	162.9 (6/1)	148.3 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Sony	1,306,200	22⅞	−½	Polaroid	547,200	33⅞	+1⅞
Exxon	705,400	35¾	+1⅛	IBM	544,900	58⅞	−½
Sunbeam	573,000	21¾	+1⅝	Southern	541,100	12⅞	−⅛
Std. Oil Indiana	556,300	52⅞	+2⅞	Std. Oil Calif.	505,100	37	+1½
Am. Tel. & Tel.	551,600	58⅛	—	Texas Oil & Gas	471,600	30⅝	+1⅞

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COMMODITIES AND AGRICULTURE

Tin talks near deadlock

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS HERE aimed at concluding a new international tin agreement have come to a near halt. It is feared that without a new initiative from the U.S., the talks could break down again next week. Alternatively there is also increasing talk about the possibility of the new tin pact being concluded without the U.S. being a member.

It is believed that the U.S., which joined the tin pact for the first time with the fifth agreement that is due to expire next June, is undecided whether to renew its membership in the proposed sixth agreement. Most delegates feel the necessary political decision has not been taken yet in Washington. Consequently the main negotiations are taking place outside the conference hall in small private meetings, but formal talks are said to have turned into "stony silences and glassy stares," according to one delegate.

The U.S. stands isolated in the negotiations because it insists on a far bigger buffer stock to stabilise prices than any other country—including the Common Market—and it wants to place more stringent terms for the use of export controls.

The producers would like to stabilise world prices through a combination of buffer stock purchases and export controls. The U.S. is approaching the issue from the other end. It wants the accord to contain provisions to pay for a large buffer stock so that there is enough tin to sell from stocks to prevent any strong upward pressure on prices.

The Common Market finds itself in a difficult position, squeezed between producers and the U.S. Its formal position is that it will accept compromise proposals made by conference chairman Mr Peter Lai, provided that all other countries also back them. Mr Lai's main proposal is that the buffer stock should contain 50,000 tonnes comprising a regular stock of 30,000 tonnes paid for directly by governments and another 20,000 tonnes financed by loans using government guarantees and other collateral. The U.S. appears willing to accept the overall figure and financing methods but wants a regular stock of 40,000 tonnes.

Although the difference in terms of figures is slight between the U.S. and the others, it is important enough to deadlock the talks.

The Community reached its position after long negotiations within its own decision taking bodies.

A U.S. refusal to join would force EEC governments to reopen their internal bargaining to decide whether a tin agreement is worthwhile without the U.S.—the world's largest importer. It may also withdraw its support for Mr Lai's proposals and try to strike a new deal with producers while leaving the door open for the U.S.

The general opinion is that unless the U.S. makes concessions a hornets' nest of problems will arise.

Brazil not to suspend cocoa sales

By John Edwards, Commodities Editor

COCOA prices dropped to new 51-year lows on the London futures market yesterday following Brazil's decision not to go ahead with its threat to suspend exports. The September futures position traded below £800 for the first time since March 1976 before rallying slightly to close at £802.5 a tonne, £19 down on the previous day.

No communique was issued after the meeting in Rio de Janeiro on Wednesday night between trade representatives and Cacex, which controls Brazilian cocoa exports. However it is suspected that Brazil is unwilling at present to hold back exports, and build up stocks, leaving rival producing countries to reap the benefit of any higher prices. However it might try to impose minimum prices for exports.

EEC dairy cost could double

BY JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT

THE COST of the EEC's dairy policy is likely to double by 1985, from £2.5bn to £5.4bn unless something is done to restrict the continuing growth of Community milk production. This is the conclusion of a report by Agra Europe,* an agency specialising in Community farming news.

The report underlines the cost of reducing the dairy produce mountains which have led politicians as disparate as Sir Henry Plumb and Lord Carrington to refer to them as hillocks. They are, but they are very expensive ones.

In 1979 the Community exported dairy produce to the value of 2,250m Ecus at a cost of 2,500m Ecus (£1=1.6 Ecus). In 1980 the value of exports was 2,400m Ecus which cost 2,700m Ecus in export refunds.

In addition, 40 per cent of the Community's butter consumption and 80 per cent of all skimmed milk powder consumption is subsidised for manufacture into animal feed. Translated into actual cost terms every cow in the Community is costing the taxpayer £100 annually in various subsidies and export refunds, and if Agra Europe is right this could rise to £200 per cow by 1985.

The reason for this increase of milk has been farmers' response to the open-ended guarantee under the Common Agricultural Policy. European cow numbers have remained static but production per head has increased by 30 per cent since the mid-'60s.

Milk production is almost certain to go on rising at a rate of between 2 and 3 per cent according to the report, and it is very difficult to see what measures could be taken to restrict this trend. Any reduction in the farmers' price would probably stimulate still higher production, as most have no alternative but dairy farming.

The whole dairy product is under strong pressure worldwide with the U.S. holding very large butter stocks and Canada and New Zealand increasing production. Only in Australia is there a decline, and that is probably due to the present drought.

*EEC *Dairy Policy and Markets in the 1980s. Published by Agra Europe, 16, Lonsdale Gardens, Tunbridge Wells.*

● Milk sales from farms in England and Wales slumped almost 149m pints last month, according to latest figures from the Milk Marketing Board.

Poor weather was blamed for the 2.6 per cent decrease to 2,262m pints. Liquid milk sales were down 0.9 per cent over May last year, but milk for manufacture fell 3.8 per cent to 1,330m pints. About 120m pints was used to make fresh cream, 7.5 per cent less than the same month last year.

Milk report welcomed

SIR RICHARD BUTLER, president of the National Farmers' Union of England and Wales, yesterday welcomed a report which pinpoints the UK's future as a milk producer within the EEC. He said the report by the Agriculture Economic Development Council supported the union's contention that UK dairy farming was among the most economically efficient in Europe. It also showed that there had been a steady cost/price squeeze over the 1973-1978 period, with an exceptionally severe impact on the UK in 1979 and 1980.

The report, he said, highlighted the overriding importance of factors outside the control of dairy farmers, such as rates of inflation and varying exchange rates of individual member states.

U.S. plan to fight grain subsidies

EVIAN, France. The U.S. has a standby export subsidy programme in readiness to match subsidies by other countries for [illegible] food exports, Mr Jim [illegible], the U.S. Wheat [illegible] Association president [illegible] said.

He told the annual conference of the French wheat producers association that this [illegible] programme would be [illegible] if the U.S. President [illegible] American food sales are [illegible] seriously undermined by [illegible] countries and a mutually acceptable solution cannot [illegible] with the countries concerned.

"The U.S. intends to give competing countries notice that [it] will not acquiesce to their [use] of export subsidies," Mr [Billington] said.

The U.S. wheat industry supported its government's stand on export trade, which is particularly necessary in view of record world production and the pressure that increased stock levels create, he told the conference.

"Nations must compete fairly in the world market place, otherwise we face the prospect of marketing for export sales through our national treasuries," he added.

Mr Billington said the U.S. will harvest a record wheat crop of 72m to 74m tonnes this year which, combined with carryover stocks from last season, will push the 1981-82 U.S. wheat inventory to nearly 100m tonnes.

The U.S. Administration has said the next round of talks with the Soviet Union on a new long-term grain agreement probably will be held in late July.

The Administration has yet to decide internally on the exact date and place of the talks and that any proposal would have to be accepted by the Soviets. But, current thinking is to hold the talks in the last week of next month, probably July 28 or 29 and in London.

The U.S. delegation once again will be led by Mr Seeley Lodwick, undersecretary of agriculture for international affairs and commodity programmes.

When the talks are held, the U.S. will press for higher minimum quantities that the Soviet Union must purchase each year, with the increase likely to be between 2.0m and 4.0m tonnes above minimums in the current pact.

Under the five-year agreement due to expire on September 30, the Soviets must buy a minimum 6m tonnes, divided equally between U.S. wheat and maize and can take up to 8.0m tonnes. Off-take above 8.0m tonnes requires consultations.

Reuter

Canada sells wheat to China

WINNIPEG — Canada sold 1.4m tonnes (51.4m bushels) of wheat to China on a cash basis for August/January Pacific Coast delivery, the Canadian Wheat Board announced.

The shipments will consist mainly of No. 3 Canada western red spring wheat, with options for other grades, the Wheat Board said.

This is the first contract negotiated for the final year of the three-year Canada/China grain agreement announced February 1979.

Meanwhile, the Federal Government will pay up to $81m to Canadian farmers for the losses they incurred because of the Soviet grain embargo.

The announcement was made yesterday by Agricultural Minister Eugene Whelan and Senator Hazen Argue, the minister responsible for the Canadian Wheat Board.

Western farmers are to receive $68m and farmers in eastern Canada are to receive $13m.

Reuter

Lead prices higher

LEAD and zinc prices moved higher in active trading on the London Metal Exchange yesterday. Lead was boosted by news that U.S. producer, Asarco, has raised its domestic selling price by one cent to 39 cents a lb.

The market was nervous awaiting the result of the new talks being held seeking an end to the long-running stoppage at St Joe Minerals mining and milling plants in Missouri. Nevertheless cash lead closed £4.5 up at £364.5 a tonne and moved further ahead in late kerb trading.

Cash zinc closed £4.5 higher at £437.5 a tonne mainly on speculative buying.

Chile's state copper corporation, Codelco, announced yesterday it will lift force majeure on shipments from the El Teniente mine once production at its Caletones smelter and refinery returns to normal, which is expected on Saturday.

The Metal Exchange pointed out yesterday that the new copper contract to be introduced on September 1, as a replacement for the existing wirebars contract, will simply be known as "Copper-Higher Grade." It will not be confined to high-grade cathodes only. Wirebars will continue to be deliverables.

FARMER'S VIEWPOINT

Factors behind the lamb shortage

REPORTING on his European activities in the House of Commons this week, Mr Peter Walker, Minister of Agriculture, claimed that the new EEC sheep meat regime had given farmers the best prices they have had for years, and the housewife the cheapest lamb.

In this he was only half right. Farmers are getting the best prices the yhave ever had at this time of year with the help of the premium. But the housewife is having to pay around 20 pence per lb more for the better cuts than she was at this time in 1980, according to the Meat and Livestock Commission.

This, I would hasten to add, has nothing to do with Mr Walker, although if he is successful in persuading the Council of Ministers to alleviate in some way the clawback levy on lamb exports, prices could rise even further. Exporters would then be able to bid up for export quality lambs in the markets.

The reason for the pressure on the housewife's purse is quite simply that overall supplies to the meat market are lower than is usual at this time of year — low enough to overcome the effects of the economic depression which would otherwise cause quite a fall in demand.

Lamb slaughterings are down by about 25 per cent on the same time last year. Supplies of New Zealand lamb are also well down. The actual drop in imports is unclear because the civil servants' strike has prevented the publication of the import figures.

Added to the shortage of lamb has been a drop of 50 per cent in the slaughtering of Irish beef cattle in the first four months of this year. This has caused a significant increase in the retail price of beef. British cattle slaughterings have been roughly the same as those last year, but Ireland provides a significant source of imported supplies.

This shortage has been sufficient to maintain the price for pork which normally falls quite drastically when there is no longer an R in the month. There are, of course, other reasons for the increasing popularity of pork. The price is very moderate and the fact that most households have some form of refrigerated storage is an incentive to the consumption of this meat.

Should Mr Walker be successful in persuading the Council of Ministers in Brussels to alter the clawback arrangements—so that a proportion of it is returnable to the exporters—the only practical way of achieving this would be to reduce the target price of lamb to sheep farmers. This would automatically reduce the premium or deficiency payment and so the clawback.

Farmers would be compensated for this move by increasing the headage payment on ewes. This would be a move not universally welcomed.

Most lowland sheep farmers, who sell fat lambs, have flocks in which lambing percentages are much lower. If the headage payment were to be calculated on the total lambs sold, the fat lamb producers would no doubt take exception to their returns being averaged with those of the hill farmers whose output is much lower, and who in any case get the benefit of the hill sheep subsidies.

In any case, to be effective the reduction in the clawback would have to be quite large to enable the exporters to compete in Europe. It is worth remembering that the export trade of about 40,000 tonnes annually had been built up by subsidising the lambs through the previous British fatstock scheme. What the exporters are now asking for is that the EEC should continue it now that the premium is paid from Feoga, the EEC farm fund.

There is a good case for leaving things as they are for the present. Particularly as Mr Walker is unlikely to overcome French objections to changing a system which he fought very hard to establish less than a year ago.

After years of hard selling the New Zealanders, like the Australians have found a very good market in the Middle East particularly in Iran and Iraq. These two countries alone are going to import 100,000 tonnes of lamb from New Zealand this year. The UK will no longer be the biggest market for New Zealand lamb, although it will be the most important single one.

The shortfall in New Zealand lamb has already raised prices very significantly. It is quite possible that the days of cheap New Zealand lamb on the British market will have gone for ever. Or at least until renewed hostilities in the Middle East closes that market.

There is no sign at present of a sudden surge in pig production. Sow numbers are still low and the costs of setting up new pig units are astronomical; feed costs are likely to rise thanks to the EEC Price Review which raised the price of cereals once again.

The shortage of British lamb could be eased if the weather improves. What is needed is an abundance of sun and warm temperatures. It has been the worst lamb fattening season I have experienced and most flock owners tell me the same. But even a normal lamb output could well not overcome the New Zealand and other meat

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange with the exceptions of Lead and Zinc. The latter advanced strongly and touched £440 before closing at £436 following persistent Commission House buying. Lead initially dipped from £365 to £360 but staged a strong recovery and moved up to £375, prior to a close of £373 as heavy trade hedge buying preceded news of a producer price rise by Asarco. Copper moved in a £3 range and ended the day at £881.75 while Tin finished at £6,545 reflecting demand for cash material. Aluminium and Nickel closed at £644.5 and £3,162.5 respectively.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	855.5-6	—1	856-.5	—2
3 months	880.5-1	—1	881-.5	—1.5
Settlem't	856	—1	—	.....
Cathodes				
Cash	849-50	—2	850-.5	—1.25
3 months	871-.5	—.75	871.5-2	—.5
Settlem't	850	—2	—	.....
U.S. Prod.	—		*83.5-7	.....

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at cash £856, three months £882.5, 82, 81.5, 81, 82, 81.5, 81, 80.5. Cathodes: cash £850. Kerbs: Wirebars, three months £881, 81.5. Afternoon: Wirebars, three months £882.5, 82, 82.5, 81.5, 81. Cathodes, cash £850, three months £871.5. Kerb: Wirebars, three months £882, 82.5, 82, 81.5. Turnover 20,400 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6430-40	+6.25	6440-5	+37.5
3 months	6555-65	+52.5	6555-60	+20
Settlem't	6440	+60	—	.....
Standard				
Cash	6430-40	+62.5	6440-5	+37.5
3 months	6555-65	+52.5	6555-60	+20
Settlem't	6440	+60	—	.....
Straits E.	$29.41	+0.05		.....
New York	—	.....		

Morning: Standard, three months £6,555, 60, 55, 60. Kerbs: Standard, three months £6,560. Afternoon: Standard, three months £6,555, 60, 55. Kerbs: Standard, three months £6,555, 60, 45. Turnover, 1,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	362-.5	+4.5	364-5	+4.5
3 months	369-.5	+4	371-2	+4.25
Settlem't	362.5	+4.5	—	.....
U.S. Spot	—	.....	*38	.....

Morning: Cash £362.5, three months £368, 69, 70, 71, 70.5, 70, 69.5, 69. Kerbs: Three months £369.5, 69, 69.5. Afternoon: Three months £370, 71, 71.5. Kerbs Three months: £371, 71.5, 72, 73, 74, 75, 74, 73, 73.5. Turnover, 12,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	438.75-9	+14.5	437-8	+4.5
3 months	437.5-8	+15	437-.5	+8.75
S'ment	439	+14	—	.....
Primw'ts	—	.....	*46.5	.....

Morning: Cash £439.5, 39, three months £432, 32.5, 33, 35, 36, 37, 37.5, 38. Kerbs: Three months £436.5, 36, 36.5, 37. Afternoon: Three months £437, 37.5, 38, 39, 40, 39, 38.5, 39, 38, 37. Kerbs: Three months £437, 37.5, 38, 37, 36, 35, 36. Turnover, 14,450 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	624.5-5.5	+3.5	623.5-4.5	+2.5
3 months	645.5-6	+3.25	644-.5	+2

Morning: Three months £645, 46. Kerbs: Three months £646. Afternoon: Three months £646, 44.5. Kerbs: Three months £644.5, 45. Turnover, 7,850 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3095-105	+27.5	3090-100	+12.5
3 months	3150-60	+22.5	3146-50	+16.5

Morning: Cash £3,100, three months £3,160, 55. Kerbs: Three months £3,160. Afternoon: Three months £3,160, 55, 50. Kerbs: Three months £3,160. Turnover, 450 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 0.4p an ounce higher for spot delivery in the London bullion market yesterday at 503.3p. U.S. equivalents of the fixing levels were: spot $9.975, down 8.5c; three-month $10.411, down 7.9c; six-month $10.80, down 9c; and 12-month $11.547, down 9.5c. The metal opened at 498-506p ($9.9-$10.05) and closed at 503p-510p ($9.95-$10.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	503.30p	+0.50	506.0p	+2.25
3 months	518.15p	—0.50	519.5p	+2.5
6 months	534.25p	—0.70	—	.....
12 months	567.25p	—0.75	—	.....

LME—Turnover 118 (65) lots of 10,000 ozs. Morning: three months 518.5, 19. Kerbs: three months 518.5, 19, 18.5. Afternoon: three months 521.4, 21. Kerbs: three months 522.

COCOA

Futures weakened further on the news that Brazil would not suspend cocoa sales and on continued long liquidation of the nearby positions. Producers did not follow the lower levels but widespread offtake was found among manufacturers, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	763-65	—26.5	786-757
Sept.	802-03	—19.0	818-797
Dec.	841-42	—17.0	857-839
March	878-76	—16.0	889-872
May	892-93	—18.0	905-891
July	910-11	—18.0	926-910
Sept.	927-28	—20.0	942-928

Sales: 5,211 (1,877) lots of 10 tonnes.

ICCO Futures—Daily price for June 17: 75.84 (75.86); five-day average 74.16 (73.83).

COFFEE

Fears of colder weather in Brazil encouraged a firm opening, reports Drexel Burnham Lambert. A lack of follow-through buying and evidence of overhead trade resistance prompted a gradual decline back to unchanged levels before values recovered on short-covering operations and dealer profit-taking.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	790-91	+20.0	809-80
Sept.	806-08	+18.5	824-90
Nov.	799-00	+14.0	817-83
Jan.	797-00	+15.0	[illegible]
March	796-98	+9.5	810-87
May	793-05	+9.0	814-89
July	794-10	+8.5	[illegible]

Sales: 4,482 (4,773) lots of 5 tonnes.

ICO Indicator prices for June 17: (U.S. cents per pound). Comp. Daily ICA 1979 97.13 (97.75); 20-day average 108.93 (107.69).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug. 381, 405, nil; Oct. 391, 397, 390; Dec. 392, 395, 394; Jan. 397, 398, 397-396; Mar. 400, 402, 401; May 410, 414, 412-410; Aug. 424, 425, 424; Oct. 427, 430, 429-426; Dec. 428, 429, nil. Sales: 37.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo: July 502.0, [illegible] 498 [illegible]
500.0-497.0; Dec. 504.0, 505.0, 508.0-504.0; Mar. 512.0, 512.5, 513.5-511.0; May 518.0, 518.5, 520.0-518.0; July 522.0, 523.0, 524.0-522.0; Oct 521.0, 522.0, 523.0-521.0; Dec. 524.5, 525.0, 526.0-524.0. Sales: 365.

GAS OIL FUTURES

Futures opened lower before firming on strength in the physical market. In the afternoon prices eased on the stronger dollar and a weaker New York opening, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	279.50	+0.50	280.00-80.00
July	276.75	—0.25	276.00-75.00
August	280.00	+0.75	281.00-77.50
September	285.25	—0.75	285.00-82.75
October	288.50	—	290.00-88.25
November	292.50	—1.00	294.25-92.50
December	297.25	—0.75	297.25-97.00
January	301.25	—1.00	301.00-01.00
February	305.50	—0.50	305.00-05.00

Turnover, 932 (322) lots of 100 tonnes.

GRAINS

July wheat opened lower on continued selling pressure but then steadied as buying interest came in. New crop wheat followed a similar pattern. Barley opened unchanged and remained about steady throughout the day. Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	113.50	—0.5	—	—
Sep.	99.55	—	94.50	—0.05
Nov.	103.45	—	98.35	—
Jan.	107.36	—0.05	101.95	+0.05
Mar.	111.10	—	105.30	+0.10
May.	114.75	+0.05	108.90	+0.55

Business done—Wheat: July 113.70-113.50, Sept. 99.55-99.40, Nov. 104.35-103.25, Jan. 107.35-107.20, Mar. 111.10-110.95, May 114.60 one trade. Sales: 110 lots of 100 tonnes. Barley: Sept. 94.60-94.50, Nov. 98.40-98.35, Jan. 101.95-101.85, Mar. 105.30-105.25, May 108.80 one trade. Sales: 92 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent June 111.00, July 112.50, Aug. 110.00 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent June 111.00, July 111.75, Aug. 112.50 transhipment East Coast sellers. English Feed fob Sept. 104.00, Oct. 106.00, Nov. 108.00, Dec. 110.00 East Coast sellers. Maize: French June 127.50, July 128.50 transhipment East Coast sellers. Barley: English Feed fob July/Aug 98.75 East Coast, Oct 99.50 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm prices. Other milling wheat: N. West 114.50. Feed barley: S. East 101.80, S. West 102.80, W. Mids. 102.00, N. West 103.30. The UK Monetary Co-efficient for the week beginning Monday June 22 will remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing weak. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 269.5 (272.0) cents a kg and SMR 20 232.0 (234.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
July	61.50-62.00	62.00-62.50	—
August	62.40-62.50	63.00-63.10	—
Jly-Sept	62.40-62.50	62.90-63.00	62.80-62.40
Oct-Dec	65.30-65.40	66.00-66.10	65.70-65.20
Jan-Mar	68.20-68.30	68.90-69.00	68.60-68.20
Apl-Jne	71.10-71.20	71.70-71.90	71.50-71.10
Jly-Sept	74.10-74.30	74.60-74.80	74.20
Oct-Dec	77.10-77.20	77.70-77.80	77.20
Jan-Mar	80.20-80.30	80.80-80.90	80.20

Sales: 261 (254) lots of 15 tonnes, nil (1) at 5 tonnes. Physical closing prices (buyer) were: Spot 60.50p (61.00p); July 62.25p (62.75p); Aug. 62.75p (63.25p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 343 tonnes, bringing the total for the week so far to 990 [illegible] animated the market, and dealings were reasonably brisk. Most of the interest displayed was in Middle Eastern qualities, supported by a fair offtake in African styles.

SOYABEAN MEAL

The market opened with losses of 50p to £1 in thin trading conditions, reports T. G. Roddick. Prices rallied from opening levels on short covering closing unchanged on the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	126.00	—	—
August	127.80-27.9	+0.20	127.60-26.80
October	130.50-30.8	—	130.80
December	134.60-34.9	—0.25	
February	137.60-38.0	+0.65	137.80
April	138.80-40.0	+0.40	—
June	139.50-42.0	+0.75	—

Sales: 39 (337) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £202.00 (£200.00) a tonne cif June-July-August shipments. White sugar daily price £222.00 (£221.00).

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	204.50-04.80	199.00-99.50	205.50-98.0
Oct.	205.75-05.95	200.00-00.52	206.50-98.0
Jan.	206.25-06.50	200.50-01.25	206.75-205.5
March	209.00-09.25	204.00-04.25	209.50-202.5
May	210.55-10.45	205.50-06.25	210.00-207.5
Aug	211.55-12.25	207.00-07.50	211.00
Oct.	212.75-13.50	208.00-09.00	213.00

Sales: 5,070 (6,481) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.8 (same) a tonne for home trade and £310.0 (£309.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 17: Daily price 16.13 (15.89); 15-day average 16.79 (16.83).

POTATOES

LONDON POTATO FUTURES—Higher early's prices were reflected on the futures, with all positions steady all day, closing at or near the highs, reports Coley and Harper. Closing prices: Nov 58.40, +0.9 (high 58.40, low 57.70); Feb 67.30, +1.00 (high 67.40, low 66.70); April 74.30, +1.00 (high 74.30, low 74.00). Turnover: 144 (31) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 76.0 to 79.0; Eire hindquarters 88.0 to 92.0, forequarters 55.0 to 58.0. Veal: Dutch hinds and ends 126.0 to 132.0. Lamb: English small 78.0 to 82.0, medium 76.0 to 80.0; Imported Frozen: New Zealand PL 67.0 to 67.0, PM 65.0. Pork: English under 100 lb 48.0 to 54.0, 100-120 lb 48.0 to 52.0, 120-160 lb 45.0 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on June 18. GB—Cattle 95.51p per kg lw (−0.61). UK—Sheep 172.66p per kg est dcw (−5.20). GB—Pigs 78.34p per kg lw (−0.86).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.90, 56 5.50, 72 5.35, 88 4.80, 112 4.85, 138 4.65, 150 4.20; Californian: 88/138 3.80-4.80; Jaffa: (base) Valencia Lates 56/189 4.20-4.90; Moroccan: Lates 48/113 3.30-5.00; Cyprus: Valencia Lates 66/144 3.80-4.60. Lemons—Spania: Trays 25/50 2.00-2.30, Boxes 80/100 5.00; Californian: 115/140 5.50; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00; Jaffa: Cartons 60/90 4.20-5.00. Grapefruit—Outspan: 40 4.10, 48 4.15, 56 3.90, 64 3.60, 72 3.50; Cyprus: 20-kg 40/64 4.80-5.20; Jaffa: 20-kg 36/75 3.85-4.75. Apples—S. African: Granny Smith 6.30-6.80, Golden Delicious 6.20-6.50, Starking 7.20-7.80; Chilean: Granny Smith 6.00, Starking 7.50, Richards 7.50; New Zealand: Granny Smith 6.80, Sturmer Pippins 7.00-7.20, Golden Delicious 6.60, Red Delicious 8.20; Tasmanian: Jonathans 7.00, Granny Smith 5.80, Sturmer Pippins 7.00; W. Australian: Granny Smith 7.50; U.S.: Red Delicious 9.50-10.50; French: Golden Delicious 40-lb 125/175 4.00-5.00; Italian: 40-lb Romes 80/70 4.40-4.80; British Columbian: McIntosh Reds ½-cartons 70/80 4.50. Pears—Belgian: Conference per pound 0.10-0.12; S. African: Packhams 6.00-6.50, Nelis 5.50; Tasmanian: Packhams 40-lb 6.80-7.20; New Zealand: Packhams 8.20; Victorian: Packhams 7.80-8.50. Nectarines—Spanish: 37/45 3.80-5.00. Plums—Spanish: Rosas 3/6 2.50-5.00, Japanese 3/5 2.00-3.00, Gaviotas 6/8 4.00-6.00. Apricots—Spanish: 11-lb 2.00-3.00. Cherries—U.S.: 18-lb, per pound 0.90; French: 11-lb, per pound 0.50-0.50; Italian: 0.50-0.70; Turkish: 0.70-0.80. Gooseberries—Hungarian: 12-lb 2.80. Grapes—Chilean: Almeria 11-lb 8.00, Red Emperor 5.00, Ribea 7.00; Israeli: Perlette 9-lb 6.50. Melons—Israeli: Carmel Yellow 6/12 5.20-5.40; Spanish: 10-kg Yellow 5.50. Water-Melons—Spanish 3.60-5.00. Strawberries—U.S.: 12oz 1.00; Spanish: 0.25. Peaches—Spanish: Yellow 35/48 1.50-2.50; Italian: Standard trays B/D 2.50-3.50. Pineapples—Ivory Coast: Each 0.40-1.00.

English Produce: Potatoes—Per 55-lb bag, old 2.50-3.40, Kent new 3.20-3.80. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15. Cauliflowers—Per 12, Lincoln 3.00-3.50. Cabbages—Per bag 3.20, Spring 22-lb 3.80-4.20, Primo 20-lb 3.80-4.20. Lettuce—Per 12, round 1.50, Cos 10/12 2.00-2.40. Tomatoes—Per 12-lb 3.40, E 3.20. Radishes—Per pack of 12 x 8oz 1.50, bunches of 15 1.20. Onions—Per tray x 20 bunches Spring 1.80, 55-lb 40/80mm 7.50. Celery—Per 15/24 5.00-6.00. Cucumbers—Per 10/20 1.40-1.60. Gooseberries—Per 12-lb 1.80-2.00. Broad Beans—Per 24-lb 2.00-2.20.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.50-£5.20, codlings £2.60-£3.60. Large haddock £4.60-£5.00, medium £3.80-£4.70, small £2.50-£3.50. Large plaice £3.7[illegible], med[illegible] small £4.00-£4.70. Skinned dogfish (medium) £4.00. Lemon soles (large) £9.00, (medium) £8.00. Saithe £2.80-[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	June 18 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1250/1280	....	$1295/325
Copper			
Cash w'bar	£856.25	—2	£834
3 mths	£881.25	—1.5	£858.25
Cash Cathode	£850.25	—1.25	£827.75
3 mths	£871.75	—0.5	£847.75
Gold troy oz	$459.5	—2	$474.5
Lead Cash	£364.5	+4.5	£328.75
3 mths	£371.5	+4.25	£338.75
Nickel	£3,504.50	....	£3,504.50
Freemkt	275/285c	....	290/305c
Platin'mtr'y oz	£247.0	....	£230
Freemkt	£224.05	+2.1	£219.00
Quicksilvert	$420/450	....	$420/450
Silver troy oz	503.30p	+0.4	522.00p
3 mths	518.15p	—0.5	536.70p
Tin Cash	£6,442.5	+37.5	£6,147.5
3 mths	£6,557.5	+20	£6,272.5
Tungsten22.04lb	$145.09	....	$143.75
Wolfrm 22.04 lbs	$147/149	....	$145/146
Zinc Cash	£437.5	+4.5	£396
3 mths	£437.25	+6.75	£405.75
Producers	$925	....	$925
Oils			
Coconut (Phil)	$585r	—5	$570
Groundnut	$605r	....	
Linseed Crude	£442	....	£425
Palm Malayan	$620z	—5	$590
Seeds			
Copra Philip	$380r	+5	$390
Soyabean(U.S.)	$294y	—5	$315.5
Grains			
Barley Fut.Sep	£94.50	—0.05	£95.70
Maize	£127.5	....	£126.75
WheatFut.Sept	£99.55	....	£101.75
No2 HardWint	£111.00	+0.05	£106
Other commodities			
Cocoa ship't*	£873	—19	£996
Future Sept	£802.5	—19	£895.5
Coffee Ft' Sept	£807	+15.5	£976.5
Cotton A.Index	87.55c	+0.05	87.65c
Gas oil July	$276.75	—0.25	$277.25
Rubber (kilo)	60.5p	—0.5	56.0p
Sugar (Raw)	£202x	+2	£178
Woolt'ps 64s kl.	359p kilo	....	355p kilo

† Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 18.

Precious metals and copper retreated under the pressure of rising interest rates. Near-by months in cotton rallied sharply as prospects of certificated stocks for July deliveries indicated tightness. The livestock complex rallied for major gains as product demand improved sharply. Coffee prices rallied on reports of cold temperatures in Brazil. Cocoa declined when it became apparent that Brazil would not cut back on export registrations. Soyabeans and grains rallied on profit taking with weat suffering moderate losses because of harvest pressure, reported by Heinold.

Copper—June 77.00 (77.96), July 77.35-77.50 (78.35), Aug. 78.75, Sept. 80.05, Dec. 83.50-83.55, Jan 84.65, March 86.80, May 88.90, July 91.00, Sept. 93.10, Dec. 96.25, Jan. 97.35, March 99.50.

*Gold—June 458.5 (460.3), July 460.5 (463.4), Aug. 466.5-467.5, Oct. 478.0, Dec. 489.5-490.5, Feb. 502.0, April 513.9, June 525.9, Aug. 538.0, Oct. 550.1, Dec. 562.2, Feb. 574.3, April 586.4.

§Platinum—June 442.1 (443.3), July 442.5-443.5 (444.8), Aug. nil, Oct. 461.5, Jan. 477.6, April 493.6, July 509.6.

Potatoes (round whites)—Nov. 73.4-73.6 (74.6), Feb. 79.5-81.0 (82.0), March 84.5-84.8, April 95.2-95.7. Sales: 284.

¶Silver—June 1000.0 (1013.5), July 1008.0-1007.0 (1018.0), Aug 1018.0, Sept. 1030.0-1035.0, Dec. 1072.0, Jan. 1088.0, March 1109.0, May 1139.2, July 1165.7, Sept. 1192.2, Dec. 1227.0, Jan. 1245.2, March 1271.2. Handy and Harman bullion spot: 999.00 (1001.00).

Sugar—No. 11: July 16.40-16.45 (16.29), Sept. 16.7-16.75 (16.50), Oct. 16.80-16.90, Jan. 17.00-17.10, March 17.35-17.40, May 17.45-17.50, July 17.60, Sept. 17.70-17.75, Oct. 17.80-17.81. Sales: 8,650.

Tin—584.00-593.00 (585.00-590.00).

CHICAGO, June 18.

Lard—Chicago loose 19.50 (19.75).

Live Cattle—June 70.35-70.15 (69.55), Aug. 69.35-69.15 (68.22), Oct. 66.45-66.35, Dec. 67.15-67.05, Feb. 67.92-67.95, April 68.75, June 69.85.

Live Hogs—June 53.20 (51.70), July 55.90-55.80 (54.57), Aug. 56.60-56.80, Oct. 55.10-54.75, Dec. 57.10-57.25, Feb. 57.85, April 55.75, June 58.00, July 58.30.

‡‡Maize—July 342½-343 (344¾), Sept. 352¼-351½ (353), Dec. 359½-359¼, March 373, May 380, July 383½.

Pork Bellies—July 55.10-55.10 (53.10), Aug. 55.35 (53.35), Feb. 72.07-72.07, March 73.00, July 73.90, Aug. 73.30.

†Soyabeans—July 721-720 (725), Aug. 728-729 (731½), Sept. 736½-736, Nov. 753-754, Jan. 772½-772, March 793-793½, May 809½, July 822½.

‖Soyabean Meal—July 205.5-205.9 (207.7), Aug. 207.8-208.0 (209.4), Sept. 211.0, Oct. 212.5, Dec. 218.7-219.0, Jan. 222.0, March 229.5, May 232.5-233.5, July 235.0-235.5, Aug. 235.0-235.5.

Soyabean Oil—July 22.57-22.59 (22.58), Aug. 23.02-23.05, Sept. 23.45, Oct. 23.85, Dec. 24.45-24.47, Jan. 24.75, March 25.30-25.40, May 25.75, July 26.10-26.20, Aug. 26.20-26.30.

†Wheat—July 399¾-399 (402¾), Sept. 418-418½ (421¾), Dec. 444¼-444, March 465¾-465, May 475, July 483.

WINNIPEG, June 18.

§Barley—July 143.20 (142.70), Oct. 139.20 (139.60), Dec. 139.00, March 140.30, May 142.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 247.57 (249.87).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

††Cocoa—July 1403 (1403), Sept 1487 (1487), Dec 1593, March 1678, May 1733, July 1788, Sept 1843. Sales: 2,200.

Coffee—"C" Contract: July 93.00-93.01 (93.25), Sept 93.47-93.90 (97.47), Dec 90.80-91.00, March 90.50, May 90.30, July 89.75, Sept 89.75-89.95. Sales: 3,188.

Cotton—No. 2: July 84.00-84.10 (84.32), Aug 82.40-83.00 (82.50), Oct 79.90-79.95, Dec 78.20, March 79.60-79.70, May 80.70, July 82.10, Oct 81.60-81.80, Dec 80.00-81.00. Sales: 4,500.

Orange Juice — July 131.70-131.90 (133.80), Sept 134.75-134.90 (136.70), Nov 137.25, Jan 140.20-140.40, March 142.00-142.20, May 143.40-143.70, July 144.80-145.25, Sept 146.20-146.50, Nov 147.60-148.00. Sales: 1,250.

CHICAGO, June 17.

Chicago Imm Gold—June 459.9 (462.4), July 462.1 (464.9), Sept 473.5-474.5, Oct 479.7, Dec 491.5-491.0, Jan 496.9, March 508.0, April 514.2, June 525.9.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2396 (2396), Nov 2300 (2300), Jan 2340, March 2375, May 2406.

EUROPEAN MARKETS

ROTTERDAM, June 18.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent June 203.50, July 205, Aug 208, Sept 210. U.S. No. Two Red Winter June 154, July 157.50, Aug 162. U.S. No. Two Northern Spring 14 per cent July 200, Aug 199, Sept 201, Oct 203.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat 155.50, June/July 154.50, Aug 157.50, Sept 161, Oct/Dec 164.50, Jan/March 172.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports afloat 289, July 288.50, Aug 291, Sept 294, Oct 297.50, Nov 298, Dec 303.75, Jan 309.25, Feb 314.50, March 319. Argentine June/July 283, Aug 286 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 246-245 traded, June/July 248, Aug 252, Sept 256, July/Sept 253, Nov/March 269 sellers. Brazil Pellets afloat 251.50, June 251, July 253.50, Aug 260, Sept 264, Oct 269, Nov/March 284.

Sugar—(FFr per tonne): Aug 2430/2435, Oct 2383/2400, Nov 2370/2400, Dec 2380/2410, March 2450/2470, May 2460/2510, July 2470/2520, Aug 2480/2560. Sales at call: 22.

PARIS, June 18.

Cocoa—(FFr per 100 kilos): July 875 asked, Sept 900/910, Dec 956/970, March 1002/1015, May 1030/1040, July 1050/1065. Sales at call: nil.

INDICES

FINANCIAL TIMES

June 17	June 16	Month ago	Year ago
248.65	249.35	254.82	264.24

(Base: July 1, 1952=100).

MOODY'S

June 17	June 16	Month ago	Year ago
1084.2	1084.8	1078.2	1137.6

(December 31, 1931=100)

DOW JONES

Dow Jones	June 17	June 16	Month ago	Year ago
Spot	381.83	382.78	395.10	428.42
Fut'r's	380.98	382.21	397.87	439.95

(Average 1924-25-26=100).

REUTERS

June 17	June 16	M'nth ago	Year ago
1747.7	1747.8	1686.8	1666.8

(Base: September 18, 1931=100)

COMPANY NOTICES

LONDON STOCK EXCHANGE

BP's £624m cash call leaves equity leaders lower
Pound and speculation about new tap hits Gilts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

British Petroleum's cash call for £624m, the largest ever made on London equity markets, overshadowed all else yesterday. Rumours about BP fund-raising had been rife for over a week and yesterday's 9.30 am announcement came as no surprise. Dealers' immediate reaction was to mark BP sharply lower and slightly raise prices of other leading industrials, the latter on the removal of uncertainties about the issue.

Consideration of the proposed rights terms caused some disappointment and BP slipped further to 322p before recovering on sustained bear-covering to end a net 18 down at 330p. Shell, too, came under considerable selling pressure and closed 16 lower at 340p; it was assumed that sales here reflected the raising of funds for the purpose of switching into BP new shares on which the 275p issue price is in two instalments *spread over six months*. Remaining Oils were hardly affected and settled only marginally *easier*.

Leading equities meanwhile quickly shed their early gloss and drifted back as the market became pre-occupied with the money the BP issue will take out of the system; neither the Government nor the Bank of England will take up entitlement of new BP shares. Shortly before the close, the FT 30-share index was showing a fall of 4.2, but it rallied to close 3.7 down at 541.1 with BP accounting for about one point of the day's fall.

Fund-raising possibilities, a new index-linked Government stock could be announced this evening, weighed on the Gilt-edged market. The trend was only slightly easier initially, but the fall in the pound generated nervous selling of both short and longer maturities. Final losses stretched to a full point among the latter, while Exchequer 12 per cent Convertible 1985 fell ¾ to 94¼; other shorts were a maximum of ½ down.

Demand for Traded options improved sharply and 2,042 deals were arranged—the highest total since late April. Much of the business was, however, attributable to BP which accounted for almost half the 1,239 calls dealt, and for 789 puts. **Shell Transport** attracted 156 calls, while mining issues returned to favour with **RTZ** and **Cons. Gold Fields** recording 116 and 162 calls respectively.

A big trade developed in **Cambridge Electronic Industries**, which were recently offered at 75p: from an opening level of 79p, the price rose to 86p before easing to close at 84p. Two of yesterday's three debutantes in the unlisted securities market also made a bright start. **Star Computer**, placed at 156p, opened at 190p and settled at 205p, while **Trident Computer Service**, placed at 90½p, began and finished at 95p, after touching 92p, but **Stanelco** ended at the placing price of 84p.

Among Recently-issued Fixed Interests, **Mid-Southern Water** 9 per cent Preference 1986 (£10-paid) began and closed at 8½, or a discount of 1½ points.

Arbuthnot Latham up

Arbuthnot Latham closed 5 better at 300p following the increased dividend and profits Elsewhere in merchant banks, **Leopold Joseph** hardened 2 to *230p in response to the satisfactory* preliminary figures but **Hambros** softened 5 to 855p ahead of results, due next Tuesday. **Midland** remained friendless among the major clearers, easing 3 for a two-day fall of 16 at 332p.

Insurances passed a quiet session and closed easier for choice. **London and Manchester** eased 2 to 256p; the price in yesterday's issue was incorrect.

Breweries passed another lacklustre session. Regionals, relatively firm of late, lacked support and falls of around 4 were marked against **Vaux**, 163p, **Greene King**, 268p, and **Wolverhampton and Dudley**, 248p. Annual profits from **Belhaven** proved to be in line with expectations but the continued absence of a dividend disappointed and the close was 2 lower at 40p.

G. H. Downing, currently in receipt of an agreed counter-offer worth 265p per share from Steetley, advanced 10 to 250p; original bidder **Hanson Trust** extended its offer, currently 200p cash, to July 8. Elsewhere in the Building sector, **Wight Holdings** fell to 37p before closing 6 down on balance at 40p following the announcement that Thornwood Investments had increased its offer to 35p per share following purchases of *Wight shares in the market at* that level; the offer has been declared unconditional. Comment on the half-yearly figures left **Nottingham Brick** 4 cheaper at 126p, but **Westbrick** reflected satisfaction with preliminary results by rising 3 to 59p.

Inclined firmer initially, **ICI** drifted back to close 8 lower at 280p.

Trading in leading Stores remained thin. **Mothercare** shed 2 more to 232p, while **Gussies "A"** dipped 5 to 455p. **House of Fraser**, however, continued to attract scattered support and gained the turn to 173p. Secondary counters were again featured by **Polly Peck** which advanced 15 more to 348p; **Cornell Dresses**, a shade easier at the outset, rallied to close 7 better on balance at 167p.

The Electrical leaders finished on a slightly easier note, **GEC** closing a few pence off at 670p and **Thorn EMI** 5 cheaper at 380p. Elsewhere, the trend was also to lower levels, falls of 5 being marked against **Kode**, 300p, and **MK**, 225p. **Lec Refrigeration** turned reactionary and gave up 4 to 216p, while **Muirhead** ended similarly cheaper at 106p. Against the trend, **First Castle** attracted buyers and put on 6 to 112p.

Interest in the Engineering sector remained at an extremely low ebb. The leaders closed rarely altered, but **British Steam** reacted 5 to 118p among secondary issues on the halved profits and **Brooke Tool**, still reflecting the reduced interim dividend and profits, *fell 2½ more to 45p*. In contrast, **Edbro** attracted occasional support and put on 4 to 50p.

Camrex lower

Foods drifted easier in subdued business. Falls of 4 were marked against **Rowntree Mackintosh**, 164p, and **Associated Dairies**, 204p, while **Tate and Lyle** eased 2 to 178p. In contrast, **British Vending** remained in favour and added 1½ for a two-day gain of 4 at 21½p, while support was also noted for **Needlers**, 3 up at 64p.

Overshadowed by BP's big rights issue, miscellaneous *industrial* leaders drifted lower on lack of interest. **Reed International** gave up 5 to 254p, **Glaxo** 6 to 362p and **Unilever** 7 to 578p. Elsewhere, **Camrex**, at 44p, lost the previous day's gain of 4 following the announcement that Hawley Leisure is not to proceed with its bid for the company. **Dufay Bitumastic**, in which Camrex has a 29 per cent *interest, lost 5 in sympathy to 42p*, after 38p. Disappointing trading statements prompted falls of 3 and 6 respectively in **Flexello Castors and Wheels**, 28p, and **Hargreaves**, 47p, while profit-taking in the wake of the good results left **Johnson Mathey** 12 down at 273p, after 270p. **Braby Leslie** softened 1½ to 34p on the results but **English China** contrasted with an improvement of 3 to 121p following better-than-expected figures. **Pauls and Whites** also reflected favourable preliminary results with a gain of 6 to 155p, while **European Ferries** continued to rally, closing 6 better at 86p, after 88p, and the new nil-paid shares 4 up at 54p premium. **EIS** found support at 144p, up 6, and **Ricardo** rose 8 to 430p on revived *demand*.

Among Leisure issues, **Saga** attracted renewed support and rose 10 to 350p, but **Pleasurama** continued to react to profit-taking and fell 8 more to 327p.

The first-half loss and the chairman's warning over the *final dividend prompted marked* weakness in **Kenning Motor** which closed 7½ down at 80p. Other Motor Distributors trended lower in sympathy with **Lex Service** and **Lookers** both easing 3, to 111p and 45p respectively; the latter announces interim results next Thursday. Elsewhere, **ERF** found support in front of today's annual results and firmed 3 to 38p.

Properties closed firmer in places but the volume of business left much to be desired. **Trust Securities** stood out with a rise of 13 at 367p, while Far-Eastern influences prompted a gain of 6 to 139p in **Swire Properties**. **Lend Lease** added 5 at 280p and **Estates and Agency**, 137p, and **Federated Land**, 123p, improved 2 apiece.

BP above worst

BP came under selling pressure following confirmation of the much-rumoured rights issue and, from a sharply lower opening of 333p fell away to 322p before rallying on bear closing to finish 18 off on balance at 330p. Apart from **Shell**, which also encountered offerings and closed 16 down at 340p, after 336p, other Oil shares held up relatively well, BP's funding moves having been well discounted. Among the more speculative issues, **Global Natural Resources** featured with a rise of 110p to 910p.

Among Financials, **Mercantile House** closed 7 higher at 797p *following the announcement that* the company had acquired Dahlke and Co., a U.S. municipal bond broker based in New York.

Milford Docks fell 5 to 112p on the annual pre-tax loss and *sharply* reduced dividend.

Plantations were quietly mixed. **United** firmed 7 to 142p, but **Castlefield (Klang)**, interim *results due next Wednesday, gave up 10 to 480p*.

Golds down again

South African Gold shares lost ground for the fourth successive trading day as the bullion price fell a further $2 an ounce to $459.50.

Share prices drifted from the outset as selling, thought to have emanated from the Continent, was only partly met by modest support from Johannesburg.

Heavyweights bore the brunt of the pressure and closed at the day's lowest levels, but the cheaper-priced issues were only marginally easier. The Gold Mines index lost 3.0 to 321.2, a *four-day decline of 26.0*.

Falls in the heavyweights extended to around ½, as in **Free State Geduld**, £16, **President Brand**, £16, and **St Helena**, £15⅞, while in the lower-priced stocks, **Loraine** were 9 cheaper at 146p on fears that more of the company's scrip may come on offer following the failure of a South African broking firm.

Financials were featured by **Rio Tinto-Zinc** which advanced to 540p before closing a net 18 up at 530p in response to favourable Press comment. **Charter**, with the half-year results and interim dividend due next Tuesday, touched 235p prior to ending 3 up on balance at 233p. **Tanks** were well supported and improved 5 to 305p. **Gold Fields**, however, met persistent selling as the bullion price lost ground and fell 7 to 458p.

Australians were mixed. **Hampton Areas** held at 315p despite the improved profits and dividend while **Northern Mining** edged up 5 to 157p on news that the National Mutual's near-20 per cent holding has been sold to an unnamed buyer.

The proposed rights issue unsettled **Seltrust "A"** which dropped 15 to 95p and **Seltrust "Z,"** a like amount lower at 105p.

The Canning Basin oil explorers gave ground following the disappointing drilling results from the Blina 1 well. **Vamgas** dipped 25 to 825p, **Swan Resources** 6 to 70p and **Eagle Corporation** 4 to 50p. **Bridge Oil** dropped 20 to 420p.

FINANCIAL TIMES STOCK INDICES

	June 18	June 17	June 16	June 15	June 12	June 11	A year ago
Government Secs.	66.16	66.67	66.70	67.16	66.08	65.83	69.95
Fixed Interest	67.76	67.84	68.00	67.96	67.50	67.24	70.66
Industrial Ord.	541.1	544.8	551.4	547.8	535.8	536.2	465.4
Gold Mines	321.2	324.2	327.5	344.8	347.2	341.0	324.2
Ord. Div. Yield	5.96	5.91	5.84	5.88	6.01	6.01	7.68
Earnings, Yld. %(full)	11.85	11.76	11.62	11.70	11.96	11.96	18.85
P/E Ratio (net) (*)	10.53	10.61	10.74	10.66	10.43	10.44	6.56
Total bargains	18,484	18,104	19,522	21,000	19,818	19,062	23,114
Equity turnover £m.	—	106.67	157.13	172.80	167.54	147.25	136.84
Equity bargains	—	13,652	15,949	14,995	16,566	14,947	17,693

10 am 543.6. 11 am 542.1. Noon 541.7. 1 pm 541.8. 2 pm 540.8. 3 pm 540.6.
Latest Index 01-246 8026.
*Nil=9.74.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	481.1 (6/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 17	June 16
—Daily		
Gilt Edged Bargains	148.9	163.1
Equities Bargains	88.4	102.7
Equities Value	215.6	317.6
5-day Avrge.		
Gilt Edged Bargains	160.9	171.6
Equities Bargains	98.5	99.6
Equities Value	303.7	350.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (58)

BRITISH FUNDS (2)
AMERICANS (7)
CANADIANS (1)
BANKS (2)
BEERS (2)
BUILDINGS (2)
DRAPERY AND STORES (2)
ELECTRICALS (1)
ENGINEERING (5)
FOODS (2)
INDUSTRIALS (15)
INSURANCE (1)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (1)
SHIPPING (1)
TRUSTS (6)
OVERSEAS TRADERS (3)
MINES (1)

NEW LOWS (24)

BRITISH FUNDS (7)
Exch. 13¼pc 1987, Treas. 13¼pc 1997, Treas. 12¼pc 1992, Ex. 12pc 1999-2002, Exch. 10½pc 1995, Treas. 11¼pc 2003-07, Treas. 14pc 1996
INDUSTRIALS (1)
Letraset
TRUSTS (2)
London Merchant, Do. 7¾pc Cnv.
OIL AND GAS (7)
Atlantic Resources, Marinex, BP, Shell Transport, Cluff Oil, Westfort, Eglinton Oil & Gas
MINES (7)
East Rand Prop., Pres. Brand, West Rand, Unisel, F.S. Geduld, Great Eastern, Loraine

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	84	8
Corpns. Dom. & Foreign Bonds	3	16	50
Industrials	180	266	921
Financial & Prop.	45	115	335
Oils	12	37	40
Plantations	1	3	19
Mines	36	53	79
Others	79	19	87
Totals	359	593	1,539

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BP	330	−18	Johnson Matthey	273	−12
Camrex	44	−4	Kenning Motor	80	−7½
Dufay Bitumastic	42	−5	Pauls and Whites	155	+6
Euro. Ferries	86	+6	Polly Peck	348	+15
Hawley Leisure	80	+3	RTZ	530	+18
ICI	280	−8	Shell Transport	340	−16

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price	Wed.'s closing price pence	Day's change	Stock	No. of price	Wed.'s closing price pence	Day's change
RTZ	15	512	+9	Stnd. Chrt. Bk.	11	655	−20
Inter City Invs.	14	79	+2½	ICI	10	288	−4
BP	12	348	−8	Imp. Cnt. Gas.	10	158	+5
Euro Fers New	12	50pm	+4	Tesco	10	65	+4
Midland Bank	12	335	−13	GEC	9	673	−7
Barclays Bank	11	422	−6	Mrks. & Spen.	8	127	+1
Camrex	11	48	+4	P. & O. Dfd.	8	131	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 8	June 19	Sept. 10	Sept. 21
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19

For rate indications see end of Share Information Service

Calls were arranged in Clive Discount, Premier Oil, Ward and Goldstone, Harris and Sheldon, Platignum, Booker McConnell, HAT, Singlo, Camrex and London Investment Trust. FNFC were dealt in for both the put and the double.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., June 18, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. June 17 Index No.	Tues. June 16 Index No.	Mon. June 15 Index No.	Fri. June 12 Index No.	Year ago (approx.) Index No.
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	166.44	−0.2	—	7.65	—	166.76	170.13	169.25	166.64	142.31
67	Insurance Brokers (8)	385.24	−0.5	11.59	6.02	11.71	387.15	394.09	397.57	391.70	318.79
68	Merchant Banks (13)	168.72	−0.1	—	4.82	—	168.88	169.05	166.06	164.83	122.04
69	Property (49)	471.25	−0.3	3.76	2.93	36.61	472.86	473.39	470.41	462.69	485.27
70	Miscellaneous (10)	178.08	−0.4	17.87	5.82	6.80	178.76	182.36	180.23	177.66	134.07
71	*Investment Trusts (109)*	309.08	−0.3	—	5.09	—	310.03	312.32	309.11	305.33	239.44
81	Mining Finance (3)	249.86	+1.4	13.72	5.37	8.54	246.33	245.36	247.06	243.00	215.51
91	Overseas Traders (20)	452.03	−0.2	11.10	6.58	11.27	452.80	453.19	448.83	449.52	396.29
99	ALL-SHARE INDEX (750)	315.14	−0.9	—	5.73	—	317.97	320.07	316.69	312.02	269.17

FIXED INTEREST

	PRICE INDICES	Thurs. June 18	Day's change %	Wed. June 17	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.42	−0.25	107.69	—	5.01
2	5-15 years	105.37	−0.79	106.54	0.32	6.29
3	Over 15 years	107.28	−0.80	108.75	0.60	7.67
4	Irredeemables	119.89	−0.45	120.43	—	6.46
5	All stocks	106.39	−0.61	107.34	0.30	6.26
6	Debentures & Loans	83.77	−0.23	83.97	—	5.28
7	Preference	63.45	+0.05	63.42	—	3.43

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. June 18	Wed. June 17	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.41	12.29	11.79
2		15 years	12.80	12.67	11.79
3		25 years	12.95	12.83	11.79
4	Medium Coupons	5 years	14.24	14.07	13.20
5		15 years	14.71	14.56	13.22
6		25 years	14.28	14.15	13.18
7	High Coupons	5 years	14.30	14.13	13.31
8		15 years	14.90	14.76	13.57
9		25 years	14.50	14.39	13.59
10	Irredeemables†		12.32	12.26	11.04
11	Debs & Loans	5 years	15.31	15.22	13.92
12		15 years	15.31	15.27	14.05
13		25 years	15.31	15.31	14.05
14	Preference†		15.66	15.67	15.36

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.6 92.7 — 14.56
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grunebergweg 113, 6000 Frankfurt
Investa DM33.45 35.15 — —

Delfa Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. June 9 $4.92 5.17 — —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.45 17.89 — —
Int. Rentenfonds DM63.94 64.62 — —

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AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	63.2	68.0	+1.5	2.13
Abbey Capital	50.2	54.3	−0.3	4.05
Abbey General	59.2	64.0	−0.5	4.80
Abbey Gilt & F.I. Tst.	100.4	105.6xd	−1.3	12.41
Abbey Income	39.0	42.2	−0.1	8.32
Abbey W'w.Bd.Tst.	94.3	99.8xd	+0.3	6.71
Abbey Inv. Ts. Fd.	53.7	58.1	−0.1	4.15
Equitas Prog. Tst.	84.3	91.1	−0.6	4.49

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	83.1	88.0	−0.2	13.01

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	93.8	100.4	−0.8	5.58
Brit. Inds. Fund	79.7	85.3xd	−0.7	5.98
Growth & Income	54.4	58.2	−0.7	4.30
Elect. & Ind. Dev.	47.2	50.5	−0.5	4.95
Allied Capital	101.9	109.0	−0.8	4.04
Hambro Fund	137.6	147.2xd	−1.2	5.45
Hambro Acc. Fund	193.3	206.8	−1.5	3.97
Income Funds				
High Yield Fd.	71.6	76.6	−0.2	7.83
High Income	85.3	91.3	−0.3	7.01
Equity Income Fd.	49.1	52.5	−0.3	4.97
Govt. Secs.	24.2	24.8xd	−0.1	12.50
International Funds				
International	39.3	42.1	+0.2	1.97
Japan Fund	30.0	32.1xd		0.20
Pacific Fund	80.9	86.6xd	+0.1	0.72
Secs. Of America	87.4	93.5xd	+1.2	1.76
Specialist Funds				
Smaller Co.'s Fd.	60.7	65.0		4.00
2nd Smlr. Co's Fd.	75.0	80.3	−0.1	3.74
Recovery	29.3	31.4	−0.2	4.49
Met. Min. & C'dty.	68.0	72.8	−0.3	5.04
Overseas Earnings	72.2	77.3xd	−0.8	4.77
Exempt Funds				
Income Exempt	56.8	59.6	−0.2	7.30
Far East Exempt	85.9	91.3xd		0.70
Smaller Co. Exempt	98.1	103.0	+0.1	3.85
U.S.A. Exempt	143.1	148.8	+1.6	2.08

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	70.8	76.3		3.25

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4991

Inc. Monthly Fund	166.0	175.0		9.21
Leics. & Gen. Fd.	54.0	57.8		6.82

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Grth Fd. Inc.	42.75	45.00		3.22
Do. Accum.	54.40	57.25		3.22

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	37.4	40.3		—
Commodity††	94.7	102.2	−0.1	2.12
(Accumulation)	149.6	161.5	−0.2	2.12
(10% Withdrawal)	68.8	74.3xd		2.12
Eastern & Internat'l	57.3	60.4	−1.0	1.00
(6% Withdrawal)	39.3	41.4	−0.7	1.00
Extra Income	90.6	97.5		10.01
(Accumulation)	114.1	122.7		10.01
Finance & Property†	27.3	29.4		3.64
Foreign††	156.0	162.5xd	+0.7	1.00
Giants	51.6	55.5	−0.1	4.14
(Accumulation)	67.5	72.6	−0.2	4.14
Gilt & Fixed	40.5	42.9		11.85
(Accumulation)	45.2	47.4		11.85
Growth	46.3	49.8	−0.1	3.78
(Accumulation)	61.0	65.6	−0.1	3.78
High Income	37.9	40.7	−0.1	8.73

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.6	41.1	−0.1	11.06
North American	72.4	78.2	+1.3	2.77
Canadian Exempt*	76.9	81.8		2.84
Canadian Trust	71.1	76.8	−0.1	2.30
Mid Mood High Inc.*	50.3	53.2		9.05
Recovery	60.3	65.8	+0.1	6.53
Gilt Trust	41.0	42.9xd	−0.2	13.49

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.4	52.2	+0.4	0.48
Cres. Internat'l.	93.6	101.0	+0.4	1.55
Cres. High. Dist.	45.4	49.0	−0.1	9.69
Cres. Reserves	52.7	56.9	−0.6	6.16
Cres. Tokyo	40.8	44.0	+0.1	0.36

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1		8.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 12	252.0	268.8		4.94

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square. WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0		7.48
Gt. Winchester O'seas	30.5	33.8		2.98

For Emson and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.0	100.0	−0.8	4.34

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	44.7	48.1	+0.2	0.46
Amer. Spec. Sits. (z)	32.3	34.8		0.13
Gilt + Fixed Int.	23.6	24.8	−0.1	12.90
Growth + Income	35.0	37.7xd	−0.2	6.88
Maximum Inc. Eq. Tst.	30.6	33.0xd	+0.1	7.93
Special Sits.	43.6	46.9		1.62

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	42.8	46.0		1.71
Accum. Units	53.2	57.2		1.71
J. Finlay High Income	38.0	40.9		9.47
Finlay Wld. Energy	18.5	19.9	+0.1	1.14
Accum. Units	23.9	25.7	+0.1	1.14
J. Finlay Fd.In.Tst.	41.5	44.6		4.34
Accum. Units	53.8	57.8		4.34

Prices on June 17. Next dealing June 24.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	98.6	105.4	+0.2	0.77
Am. T'around	92.0	98.2xd	+0.6	1.36
Capital Tst.	66.3	71.4		4.25
(Accum. Units)	70.6	75.4		4.25
Convertible & Gilt	47.6	50.0xd		10.16
(Accum. Units)	48.4	50.8	−0.2	10.16
Extra Income Trust	55.2	59.0	−0.2	8.80
Income Tst.	44.4	47.4xd	−0.3	7.06
Int. Growth Fd.	75.8	81.0	+0.6	1.11
(Accum. Units)	81.6	87.2	+0.6	1.11

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	85.6	92.1		6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	67.5	72.1xd	−0.4	4.19
Do. Accum.	98.5	105.3	−0.6	4.19

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 21	149.6	152.5		4.59
Gross Inc. May 21	86.5	89.1		10.89
High Yield May 21	100.3	102.3		10.17

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	160.6	172.6		2.20
Do. Acc.	206.2	221.7		2.20

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	262.7	276.5xd		3.94

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund May 31		150.70		6.76
Wider Fund May 31		274.60		4.92
Narrower Fd. May 31		75.50		13.50

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	76.3	81.3	+1.2	1.86
(Accum. Units)	82.0	87.3	+1.2	1.86

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	183.5	194.0xd	+0.1	2.39
(Accum. Units)	233.7	251.2	+0.1	2.39
Income Fnd.	231.0	243.3xd	−1.9	7.74
(Accum. Units)	483.3	499.0	−3.4	7.74
Gen.	137.8	148.1	−0.6	3.52
(Accum. Units)	186.6	200.6	−0.7	3.52
Europe	21.8	23.4	+0.2	2.65
(Accum. Units)	26.0	27.9	+0.2	2.65
Smaller Co's	157.3	169.1xd	+0.8	2.53
American	56.9	62.1	+0.3	0.52
(Accum. Units)	56.9	62.1	+0.3	0.52
Tokyo	57.7	62.0	−0.1	0.20
(Accum. Units)	57.7	62.0	−0.1	0.20
Gilt & Fixed	46.2	48.6	−0.2	11.52

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£26.33	—	+0.35	—
Property Units	£18.39			—
Equity Bond/Exec	£17.55	18.57	+0.03	—
Prop. Bond/Exec	£18.95	19.45		—
Bal. Bd./Exec/Unit	£17.90	18.84		—
Deposit Bond	141.1	149.3		—
Equity Accum.		318.6	+0.6	—
Property Accum.		£20.09		—
Mngd. Accum.		247.4		—
2nd Equity	139.3	147.4	+0.3	—
2nd Property	146.7	154.7		—
2nd Managed	131.6	139.3	−0.1	—
2nd Deposit	123.5	130.7		—
2nd Gilt	100.8	106.7	−0.2	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	239.8	251.8		—
Property Series A	147.6	155.4		—
Managed Units	214.9	226.3		—
Managed Series A	125.9	132.2		—
Managed Series C	110.6	116.4		—
Money Units	152.7	160.8		—
Money Series A	121.9	128.3		—
Fixed Int. Fund	112.8	118.8		—
Equity Fund	122.2	128.7		—
Pns. Managed Cap.	182.7	192.3		—
Pns. Managed Acc.	213.8	225.1		—
Pns. G'teed. Cap.	134.8	141.9		—
Pns. G'teed. Acc.	157.4	165.7		—

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	40	Barymin	47	......	—	—	—
25½	14	Burma Mines 10p	22	......	0.75	0.9	4.9
330	180	Colby Res. Corp.	250	......	—	—	—
275	200	Cons. Murch. 10c.	250	−10	t030c	1.8	6.9
98	70	††Hemerdon 10c.	70	......	—	—	—
180	135	Highwood Res.	140	......	—	—	—
400	300	Northgate C$1	335	......	—	—	—
580	372	R.T.Z.	530	+18	16.0	3.2	4.3
£125	£93½	[illegible]	£116	+2	Q9½%	—	f9.2
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	30	Sabina Inds. C$1	30	−2	—	—	—
44	28	††SWCM 10p	35	......	—	—	—
550	465	Tara Exptn. $1	520	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ∅ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	43	−1			
Bertam	13	......			
Bdg'wtr. Est. 50p	465	......			
Craig & Rose £1	£11½	......			
Finlay Pkg. 5p	21	......			
Graig Ship. £1	£21	......			
Higsons Brew	73	......			
Holt (Jos) 25p	480	......			
I.O.M. Stm. £1	157	......			
Pearce (C. H.)	940	......			
Peel Hldgs.	100	......			
Sheff. Refrshmt	98	......			
Sindall (Wm.)	195	......			
			IRISH		
			Conv. 9% '80/82	£92¾	......
			Nat. 9¾% 84/89	£73½	−½
			Fin. 13% 97/02	£78¾	+¼
			Alliance Gas	77	......
			Arnott	235	......
			Carroll (P.J.)	90	+2
			Concrete Prods.	90	......
			Heiton (Hldgs.)	28	......
			Ins. Corp.	420	......
			Irish Ropes	50	......
			Jacob	58	+2
			T.M.G.	17	......
			Unidare	100	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	16
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	28
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8		
Courtaulds	7	Nat. West. Bank	32	Brit. Petroleum	33
Debenhams	10	P & O Dfd.	12	Burmah Oil	16
Distillers	17	Plessey	28	Charterhall	8
Dunlop	8½	Racal Elect.	34	KCA	22
Eagle Star	25	R.H.M.	5	Premier	7½
F.N.F.C.	3	Rank Org. Ord.	18	Shell	32
Gen. Accident	30	Reed Intnl.	25	Tricentrol	30
Gen. Electric	60	Sears	5	Ultramar	44
Glaxo	28	Tesco	5½		
Grand Met.	18	Thorn EMI	30	**Mines**	
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES
Friday June 19 1981

Japanese exports boost total growth rate

By Richard Hanson in Tokyo

EXPORTS PLAYED an increasing role in the growth of Japan's economy last year. They helped boost the real growth rate of Gross National Product to 5 per cent in the fiscal year ended last March 31, slightly ahead of an earlier official forecast.

The overwhelming importance of Japan's export performance was evident in the figures announced yesterday by the Economic Planning Agency in Tokyo. Domestic economic activity contributed only 24 per cent of the total GNP growth. The rest was attributable to Japan's export sector, which remains small relative to the size of the whole economy.

Foreign earnings grew by 68.4 per cent, reflecting a 20.7 per cent rise in the real value of exports. At the same time, imports remained at about the same level over the year and showed an 8.1 per cent decline in real value.

The dependence on exports is expected to prove an aberration. The planning agency's official forecast for GNP real growth in the year to next March 31 is 5.3 per cent. It predicts that foreign earnings will account for only about one-quarter of this.

In expecting a corresponding sharp recovery in domestically generated demand, the agency concurs with most forecasts being made by the private sector at present. They appear to agree that the economy may have bottomed out during the past two months and that domestic demand is likely to begin its recovery in mid-summer.

Japan's export performance shows little sign of weakening. The competitiveness of Japanese goods abroad has been sharpened by the recent decline of the yen, particularly against the dollar.

In the three months to last March 31, overseas earnings grew three times faster than the domestic sector's contribution to GNP.

In a separate report, the Ministry of Finance said that direct overseas investment fell 6 per cent to $4,693bn in the last fiscal year.

The main reason for the drop was the absence of any major new investments especially in natural resource projects in Latin America, outstanding investment in this area shrank to $585m, or less than half the previous year's total.

However, Japanese investment continued to rise in the advanced industrial world.

Bank backs Thatcher's tough line on pay awards

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

WAGE AWARDS may have to be negligible for a number of years in many cases if an improvement in the competitive position of British goods is to be sustained, the Bank of England argues in its quarterly bulletin published yesterday evening.

The Bank backs a tough stance on pay in both the public and private sectors, in line with the recent comments by the Prime Minister and the Confederation of British Industry. No figures are mentioned, however.

The bulletin maintains that a slower rate of earnings growth in the UK than overseas, coupled with an improvement in productivity, is the key to a reversal of some of the loss of competitiveness in recent years.

Scepticism is expressed about the option of a fall in the exchange rate on the grounds that any advantages might be eroded by the consequent upward pressure on domestic costs, and in particular on wages.

The Bank is cautiously optimistic about the prospects, noting that "significant progress" has been made. After pointing to the slowdown in the growth of prices and of earnings, the bulletin says that in the last six months earnings in UK manufacturing industry have probably risen no faster than abroad.

Moreover, output per man-hour in manufacturing appears to have risen by roughly 2½ per cent in the past year, while there has been no change in the main competitor countries.

Taken together with a fall of more than 5 per cent in the average value of sterling since January, the figures suggest that the competitive position of UK goods may have started to improve. But this is after a deterioration of more than 50 per cent since the mid-1970s.

The bulletin stresses that a further reversal of this loss of competitiveness requires a change in trends in productivity or pay, or both. In particular, the Bank argues that "in many cases sustained improvement could require that for a number of years wage awards are negligible except where wage increases come out of higher productivity."

After noting the possible inflationary results of a lower exchange rate, the Bank maintains that the UK must do better than competing countries for several years. "The situation may be one which only firms themselves can remedy—though it is proper to get support in the form of a determined stance on public sector pay."

These comments are set against a very cautious view of the economic outlook. Although the worst of the fall in output may be over, there are few signs of any sustained recovery.

Partly because of the fall in sterling, prices may continue to rise faster than in the second half of 1980 and the 12-month rate of increase may pick up a little later this year.

The implication is that Treasury forecasts of a 10 per cent rise in retail prices in the 12 months to the fourth quarter of this year, and an 8 per cent rate by mid-1982, may now be too optimistic.

Details Page 11
Money supply Page 8

Civil servants retain strike unity

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders yesterday narrowly managed to maintain the fragile unity of their 15-week-old pay dispute after the largest union in the service abandoned its insistence on an all out strike.

The Civil and Public Services Association did however decide to join the eight others in continuing the campaign of selective stoppages.

In an about turn, the CPSA—the only one of the nine unions involved to return a vote for all out action after a series of members' meetings — agreed to participate in the campaign which the unions plan to continue despite rejection of the all out strike option.

The CPSA decided that if there was no early substantial increase in the collection of the members' levy used to fund the selective strikes, it would press — at a meeting on July 2 of the full Council of Civil Service Unions — for an early date for all out strike action. Such a move would seem unlikely to win support from the other unions following their votes against such an escalation of the dispute.

The CCSU's major policy committee, which met last night to review the decisions of the executives of the CPSA and the other unions, took steps earlier in the day to deal with the union's dwindling financial resources.

These will involve calling for an immediate lump sum contribution from members to try to boost reserves to continue the campaign. The CPSA, which represents lower paid clerical grades, is pressing for a range of contributions from £2.50 to £10, according to grade. But others are looking for a contribution of between £10 and £15 per member.

The weekly levy of 50p, £1 or £2 according to grade will also be increased, to £1.25, £2.50 and £5 respectively. This is an attempt to bridge the large deficit between income and strike costs.

Some union leaders believe there are no more available areas for effective scope in such areas as air traffic control and government communications.

Action by air traffic control staff yesterday severely disrupted flights from London's Heathrow and Gatwick Airports, and affected helicopter traffic to the Ascot Racecourse.

There is also pressure for a reduction in the numbers involved in the selective strikes—about 5,500 at present. The CPSA's executive yesterday passed a motion calling for an urgent review of the numbers involved and of local expenditure.

The unions' decision to continue their campaign may prompt further disciplinary action by the Government. Ministers are proposing names for the chairmanship of the independent inquiry into future pay determination in the Civil Service, and are having difficulty in finding someone to take on the job. The Prime Minister's office is also thought to have doubts about the inquiry, since it might be seen as a concession to the unions beyond the 7 per cent pay offer.

The Civil Aviation Authority has apologised to the U.S. airline Pan Am, which has said it may seek financial recompense for the effect on its business of the air traffic control strikes, and the refusal of permission for two of its aircraft to fly through Scottish air space because of a dispute at the air traffic control centre at Prestwick.

Cabinet confirms cuts in Navy

By Richard Evans, Lobby Editor

A CRUCIAL Cabinet meeting on the reshaping of Britain's defence forces over the next decade confirmed yesterday that the brunt of further spending cuts will have to be borne by the Royal Navy.

No final decisions were taken at the 2½-hour meeting. At least one more Cabinet meeting will be needed before Mr John Nott, Defence Secretary, can announce details towards the end of the month.

Mr Nott will shortly hold consultations on his proposals with the U.S. and other Nato allies. However, the broad outlines of the package to be presented to the Cabinet yesterday are likely to hold.

Several senior Ministers, including Lord Carrington, the Foreign Secretary, Mr James Prior, the Employment Secretary and Mr Francis Pym, Leader of the Commons, are believed to have expressed reservations on the extent of the rundown of the Navy's surface fleet. However, the belief afterwards was that the Cabinet had accepted the need for a wide-ranging restructuring of the defence spending.

This will not involve overall cuts (the pledge to Nato to increase defence spending by 3 per cent a year in real terms is maintained) but there will have to be severe restrictions on spending to take account of the Trident missile system, which is to replace Polaris at a cost of more than £5bn.

At least one of the Navy's three new aircraft-carriers is to be sold off or mothballed. There will be a substantial reduction in the number of frigates and other surface vessels. Mr Nott has opted instead for a larger submarine fleet, partly to take on the role of the frigates.

The Defence Secretary has already admitted that the aircraft-carriers Illustrious, Invincible and Ark Royal would not have been ordered in present circumstances.

In the Commons Mrs Margaret Thatcher, the Prime Minister, refused to be drawn on reports of the imminent sale of an aircraft-carrier to Australia but made no attempt at a denial.

The Prime Minister said final decisions on defence spending had not been taken. She said a statement would be made as soon as possible to end uncertainty.

THE LEX COLUMN

BP fills up with new equity

At £624m gross of expenses the BP one-for-seven rights issue breaks all kinds of records. It is by far the biggest primary issue ever seen in London outside the gilt-edged market, and is bigger than the £560m raised by the Government in the secondary offering of BP in 1977 (though in real terms it is actually rather smaller). There is also over £4m of sub-underwriting commissions to be spread around the City, not to mention another £2½m or so of commissions to be shared between the banks and brokers involved.

In all, nearly £1.5bn will have been raised by the sale of BP shares in two Government offerings and one rights issue within four years, and the odd £150m worth was also issued last year as part of the consideration for Selection Trust.

No sweetener

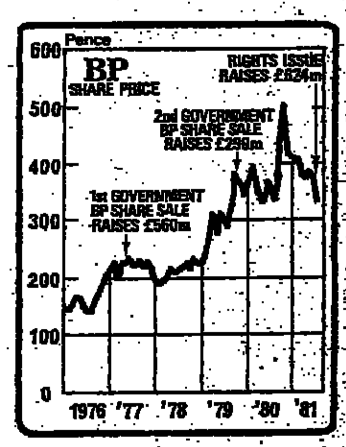
No wonder it took until very late in the afternoon before the safe completion of the sub-underwriting could be announced. In the meantime the market price fell by 20p from the overnight 350p. For BP has been able to throw in nothing as a sweetener: there is no profits forecast, and the dividend indication is only that it will be at least unchanged.

No doubt BP would have liked to avoid the current climate in launching its first rights issue since 1971. Although the U.S. subsidiary, Sohio, remains impressively strong, the rest of the group is going through a bad patch, with Forties his by tax problems, the downstream oil business under severe pressure, and chemicals losing at the rate of over £100m a year.

Undoubtedly, however, BP has been inhibited by the activities of its big shareholder, the Government, which has pre-empted the market in the recent fatter years. Only now does BP feel that the market is settled enough to provide the new equity which it requires for its longer term financing plans. The group denies that the issue is in response to any short term slackening of cash flow, and points out correctly enough that shareholders are not helped by issues being launched on the crest of a wave.

This leaves open the question, however, of what are the longer term plans which need to be financed. A few years ago, shareholders would have been happy enough to put up money to support the attractive projects in Alaska and the North Sea, but this was not required. Now, the group's direction is rather less clear.

Index fell 3.7 to 541.1



Of course, the group's chairman Sir David Steel has already indicated that the next decade will see the oil and gas contribution to BP's assets shrink to no more than half the total. This will be achieved through growth in areas like minerals and nutrition.

In his letter to shareholders, Sir David now points out that a great transformation has already taken place in the decade since the last time shareholders were asked to put up new money. BP has acquired a wide range of assets in oil marketing, refining and production, and now also in chemicals, minerals and coal.

But the worry is that almost all these new activities, outside oil production itself, appear to be losing money. The only thing BP has ever been much good at—and here it has often been brilliantly successful—is at finding and producing crude oil.

Justification

No shareholder is going to jib at supporting BP's efforts in areas where it is strong. But in the light of experience, investors are bound to look twice at Sir David's justification of the call to strengthen the equity base. "This will help to ensure that BP will not be inhibited from pursuing profitable opportunities within the strategy which I have outlined," he now says.

It is a classic expression of the philosophy of the management of a big company in relating to its shareholders. All the necessary resources must be gathered together in good times so that the company does not have to justify individual investment decisions to shareholders. In this case the impact of £600m net is not all that great on BP's balance sheet — it reduces borrowing from maybe 35 per cent of capital employed (excluding Sohio) by about 3 points. But allied to future borrowing and cash flow it could permit very large extra resources to become available over the next few years. Will these be used to buy more minerals companies at twice the market price? Meanwhile it is a fact that nearly half the current issue proceeds equate to the cash paid out for Selection Trust a year ago.

All the recent market rumours about convertible issues and Eurobonds from BP appear to have been very wide of the mark. The purpose of the issue is to put more equity into the balance sheet. At 275p there is a solid 10½ per cent prospective yield on the new money, which is an obvious help in getting the issue away well, but the presence of the Government as a major shareholder which is unwilling to put up new money has inevitably complicated the arrangements.

Premium

One solution might have been to try to place the Government's rights along with the normal sub-underwriting yesterday, but in fact it has been decided to offer the Government's new shares to other shareholders at a modest premium of 15p a unit.

So although it might seem that the 275p rights subscription price is at an almost indecently large 21 per cent discount to the pre-issue market price, it is also true that a large secondary placing is also going on simultaneously at 290p. On the face of it, there is a profitable switching opportunity for those entitled to the ex-Government shares. Meantime the Government will actually shake out around £14m net in cash from this issue, though this must be small compensation for the dilution in its stake from 44 to 39 per cent, and a probable fall in the capital value of its holding of well over £14m.

From the point of view of the equity market as a whole, this blockbuster issue was received comparatively well. Certainly the rumours had served to soften the blow, and the cash flow impact on the market is being moderated by the decision to make the issue partly paid. Even so, at least £300m has to be paid over by the middle of July, with up to another £340m at the beginning of December. So much for the apparent shortage of equities which helped to send the market shooting up during the spring.

Railwaymen take stake in hotels

By Mark Meredith

THE National Union of Railwaymen joins a number of major insurance companies as shareholders in Gleneagles Hotels, the company formed to buy three of Scotland's main hotels from British Rail.

From Monday the new group will operate two of Edinburgh's main railway hotels, the North British and the Caledonian as well as the luxury golf hotel, Gleneagles, at Auchterarder in Tayside.

This follows a private placing of shares in the new company which will be known as GH. It was arranged by the British Linen Bank and involved £9m of ordinary shares at £1 each and £4.5m of 12 per cent unsecured loan stock 1991-1995.

A two-thirds share of the hotels has been sold by British Transport Hotels, the hotel arm of British Rail. Under the placing BTH will be paid £3.1m in cash and two deferred payments of £1.375m each after the first and second years. The rest of the payment will be in equity and loan stock.

Mr William Stevenson, chairman of Gleneagles Hotels, said in Edinburgh yesterday that the group had considerable potential. The task of returning to prosperity the three hotels—which together lost £12,000 last year—would require skill and marketing in the UK and abroad.

A promotion drive is planned in North and South America and Japan.

Bookings for the rest of the year at the two Edinburgh hotels were encouraging but there was room for improvement at the Gleneagles, Mr Stevenson said. Profit for the first year to end December is forecast at £600,000.

Other shareholders in an incomplete list issued by British Linen Bank included Legal and General Assurance Society, North British Properties, Scottish Amicable Life Assurance Society, Scottish Life Assurance Company, Scottish Mutual Assurance Society and Melville Street Investments.

BSC to sell S. African interests

BY BERNARD SIMON IN JOHANNESBURG

THE British Steel Corporation has agreed in principle to sell all its investments in South Africa, for about 70m rand (£41m).

The purchasers include Anglo American Corporation, the Rembrandt Group, and several South African financial institutions.

Mr Morris Hall, BSC's chief executive in South Africa, said the divestment was prompted solely by commercial considerations. There was absolutely no political reason, he said. The decision was part of the corporation's overall reorganisation including the sale of interests not directly involved in steel production.

The main companies involved in the transaction are International Pipe and Steel Investments South Africa and two panies, Stewarts & Lloyds of South Africa and Dorbyl, which are both controlled by Ipsa and listed on the Johannesburg stock exchange.

The corporation's 33 per cent investment in Ipsa will be sold jointly to Anglo American, whose interest will rise from the present 14.7 per cent to 40 per cent, and to Metkor Investments, another South African engineering company, whose stake in Ipsa will increase from 37.3 per cent to 47.3 per cent. The total amount involved is 41.2m rand.

In addition, the corporation is to sell its direct interests in Stewarts & Lloyds and Dorbyl. Its 21 per cent shareholding in S and L is to be bought by two South African insurance companies, Old Mutual and Sanlam, other financial institutions and an undisclosed company in the Rembrandt Group for 22.8m rand. Ipsa will buy the corporation's 2.4 per cent interest in Dorbyl for 2.8m rand.

The corporation's total income from these transactions will be 66.8m rand. Special dividends in S & L and Dorbyl totalling 21m rand will be declared enabling the corporation to remit this amount at the commercial rate of exchange.

The remaining 45.3m rand will be remitted through the financial rand, South Africa's investment currency, which is currently trading at a discount of 27 per cent off the commercial exchange rate.

Mr Hall disclosed that the corporation also recently sold its 9.5 per cent interest in Consolidated Metallurgical Industries, an unlisted ferrochrome producer in the north east Transvaal, for 4m rand. Its shares were bought by its partners, Anglo American Johannesburg Consolidated Investment and Anglo American, Johannesburg Allegheny International, the U.S. specialty steel maker.

Alan Pike writes: BSC is disposing of many of its overseas interests, partly because it no longer regards them as essential to its mainstream activities and partly to raise capital for use in Britain.

The corporation has a sales office in South Africa which will continue in existence.

Weather

UK TODAY

CLOUDY and cool, with rain in places.

London, E, S and SE England, E and W Midlands, E Anglia, Channel Islands
Mainly cloudy, some bright patches. Max 18C.

SW and NW England, N and S Wales, Lake District, SW Scotland, Glasgow, Highlands.
Cloudy with occasional rain, brighter in places later. Max 16C.

Isle of Man, NE and NW Scotland, Argyll, N. Ireland.
Cloudy, cool with occasional drizzle. Max 14C.

N and NE England, Borders, Edinburgh, Aberdeen and Dundee, Moray Firth.
Bright intervals with rain in places. Max 15C.

Orkney, Shetland
Cloudy with some rain. Max 12C.

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	L. Ang.†	S	19	66
Algiers	S	26	79	Luxmbg.	C	9	48
Amsdm.	C	12	54	Luxor	S	35	95
Athens	S	26	79	Madrid	S	28	82
Bahrain	S	34	93	Majorca	S	25	77
Barcina	S	24	75	Malaga	S	26	79
Beirut	S	25	77	Malta	S	33	91
Belfast	C	12	54	M'ch'str	C	13	55
Belgrade	C	18	64	Melbne.	—	—	—
Berlin	R	13	55	Mex. C.†	—	—	—
Biarritz	F	20	68	Miami†	S	26	79
Bmghm	C	14	57	Milan	S	24	75
Blackpl	C	12	54	Montrl.†	S	17	63
Bordx.	F	19	66	Moscow	C	20	68
Boulgn.	C	13	55	Munich	C	11	52
Bristol	F	16	61	Nairobi	—	—	—
Brussels	C	13	55	Naples	F	24	75
Budapst	R	18	64	Nassau	—	—	—
Cairo	—	—	—	Nwcstle	C	11	52
Cardiff	C	16	61	N York†	S	20	68
Cas'b'ca	—	—	—	Nice	S	25	77
Cape T.	S	19	66	Nicosia	S	27	81
Chicg.†	S	18	64	Oporto	S	29	84
Cologne	C	11	52	Oslo	S	14	57
Cpnhgn.	F	18	64	Paris	C	15	59
Corfu	S	27	81	Perth	C	15	59
Denver†	—	—	—	Prague	R	14	57
Dublin	C	14	57	Rykjvk.	C	10	50
Dbrvnk.	C	22	72	Rhodes	S	25	77
Ednbgh	C	13	55	Rio J'o†	—	—	—
Faro	F	23	73	Rome	F	24	75
Florence	F	22	72	Salzbrg	C	11	52
Frankft.	R	11	52	S'ciscot	F	14	57
Funchal	S	23	73	S. Moritz	—	—	—
Geneva	C	14	57	Singapr.	F	32	90
Gibrltar	S	23	73	S'tiago†	—	—	—
Glasg'w	C	11	52	Stckhlm	C	14	57
G'rnsey	F	14	57	Strasbg.	C	13	55
Helsinki	C	14	57	Sydney	—	—	—
H. Kong	F	30	86	Tangier	—	—	—
Innsbrk.	R	10	50	Tel Aviv	S	26	79
Invrnss.	C	13	55	Tenerife	S	23	73
I.o.Man	C	12	54	Tokyo	F	26	79
Istanbul	S	26	79	T'ronto†	F	15	59
Jersey	F	15	59	Tunis	S	30	86
Jo'burg	S	16	61	Valencia	C	24	75
L. Plms.	C	23	73	Venice	R	14	57
Lisbon	S	32	90	Vienna	R	14	57
Locarno	F	21	70	Warsaw	C	17	63
London	F	17	63	Zurich	C	10	50

C—Cloudy. F—Fair. R—Rain. S—Sunny.
†Noon GMT temperatures.

Continued from Page 1

Iranian border watch for Bani-Sadr

ment debate expected to go against him, many of his aides imprisoned, and others in hiding, and with the small minority of deputies that had previously supported him now boycotting the Parliament, Mr Bani-Sadr's position is grave.

For several days there has been speculation that he would not attend the impeachment hearing, and would go into hiding for fear of immediate arrest after his dismissal from the presidency. Close colleagues of Mr Bani-Sadr, however, deny that he has left or is intending to leave the country, claiming that: "Mr Bani-Sadr intends to fight on, if not as President then as a political leader."

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Forte to fight on for Savoy

which carry the bulk of the voting power, and its 3.59m "A" low-voting shares. Trusthouse also picked up a further 420,000 "A" shares in the market, presumably from shareholders who had withdrawn their previous acceptances in order to have the opportunity to sell. Earlier this week, Trusthouse permitted accepting shareholders to withdraw for this reason.

With hours to go before the bid lapses, Trusthouse Forte holds about 60.2 per cent of the Savoy's equity and 37.5 per cent of its votes.

Mr Durban pointed out that, technically, this makes the Savoy a subsidiary of Trusthouse, but "we won't be consolidating it in our accounts. It is loss-making."

He would not say what action Trusthouse might take during the year's wait, or whether it would seek a board seat. But he added: "If over 60 per cent of a company is owned by one organisation a board must take this into account."

Mr Durban was not worried that Trusthouse Forte's shareholders might be perturbed at the amount of money to be locked up in what its own board has described as a loss-maker. "We feel that with our expertise we can restore these hotels to their former glory," so in the long run this will be a very good deal for THF's shareholders. They have confidence in their board," he said.

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